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Independent Auditor's Report to the Cyprus Securities and Exchange Commission pursuant to the "CySEC's Reporting Obligations – extension of deadlines" dated 18 April 2022 (hereinafter the "letter") of the Cyprus Securities and Exchange Commission

We report in relation to the fair presentation of the Pillar III disclosures (the "Disclosures") of Stratos Europe Limited (the "Company") for the year ended 31 December 2025, required by the letter of the Cyprus Securities and Exchange Commission (the "CySEC"), dated 18 April 2022. The Disclosures are attached as an Appendix and have been initialled for identification purposes.

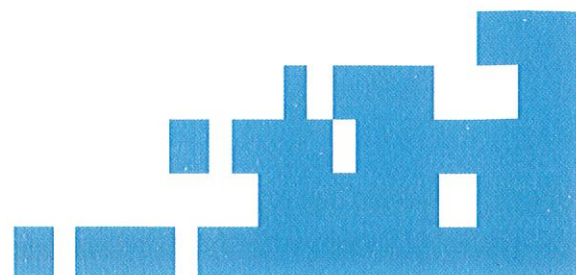
Respective responsibilities

The Company's Board of Directors is responsible for the preparation and fair presentation of the Disclosures in accordance with the EU Regulation 2019/2033 ("Investment Firm Regulation" or "IFR") and the EU Directive 2019/2034 ("Investment Firm Directive" or "IFD"). Our responsibility is to express an independent conclusion in relation to the fair presentation of the Disclosures, in all material respects, in accordance with the requirements of the letter.

Scope of work performed

We concluded our work in accordance with International Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This Standard requires that we plan and perform our work to obtain limited assurance whether any matters have come to our attention that cause us to believe that the Disclosures are not fairly presented, in all material respects, in accordance with the requirements of the IFR and IFD. Our procedures included verifying, on a sample basis, the compliance of the Disclosures with the requirements of the IFR and IFD, as well as obtaining evidence supporting certain of the amounts and notifications included in the Disclosures. Our procedures also included an assessment of any significant estimates made by the Company's Board of Directors in the preparation of the Disclosures. We believe that our procedures provide a reasonable basis for our conclusion.

The procedures performed do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, and hence we do not express any assurance other than the statement made below. Had we performed an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.



Conclusion

Based on our procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Disclosures for the year ended 31 December 2025 are not fairly presented, in all material respects, in accordance with the requirements of the IFR and IFD.

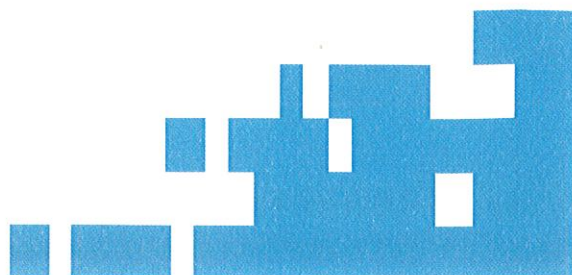
Our report is solely for the purpose as set out above and is not to be used for any other purpose or to be distributed to any other parties without our prior consent in writing. This report relates only to the Disclosures required pursuant to the IFR and IFD and does not extend to any financial statements or other financial information of the Company.

A handwritten signature in blue ink, appearing to read "George Themistocleous".

George Themistocleous
Certified Public Accountants and Registered Auditors
on behalf of

RSM Cyprus Limited
Certified Public Accountants and Registered Auditors

Limassol, 26 May 2026



Stratos Europe Limited
Investment Firm Disclosure
31 December 2025

Stratos Europe Limited
Doms Assets Business Centre
33 Neas Engomis Street
2409 Engomi, Nicosia
Cyprus

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ABBREVIATIONS USED IN THIS PAPER

Abbreviation	Description
ALCO	Asset and Liability Committee
AML	Anti-Money Laundering
BCP	Business Continuity Plan
Board	Board of Directors of Stratos Europe Limited
CFD	Contracts For Differences
CIF	Cyprus Investment Firm
CMH	Client Money Held
CPD	Continuing Professional Development
CRR / CRD IV	Capital Requirements Regulation / Capital Requirements Directive
CySEC	Cyprus Securities and Exchange Commission
CVA	Credit Valuation Adjustment
DTF	Daily Trading Flows
EBA	European Banking Authority
EU	European Union
EUR	Euro
FOR	Fixed Overhead Requirement
Stratos Europe, or 'the Firm'	Stratos Europe Limited
Stratos Group	Stratos Group International LLC. and its subsidiaries
GDPR	General Data Protection Regulation
HR	Human Resources
ICARA	Internal Capital Adequacy and Risk Assessment
ICF	Investors Compensation Fund
IFD	Investment Firm Directive (EU) 2019/2034
IFR	Investment Firm Regulation (EU) 2019/2033
IT	Information Technology
KRI	Key Risk Indicator
Law	The Investment Services and Activities and Regulated Markets Law 87(I)/2017
MiFID	Markets in Financial Instruments Directive
NPR	Net Position Risk
NYSE	New York Stock Exchange
OTC	Over The Counter
PMCR	Permanent Minimum Own funds requirement
PMS	Performance Management System
RMC	Risk Management Committee
RtC	Risk to Client
RtF	Risk to Firm
RtM	Risk to Market
SNI	Small and Non-Interconnected
TCD	Trading Counterparty Default

1 OVERVIEW

1.1 INFORMATION ABOUT STRATOS EUROPE LIMITED

Name:	Stratos Europe Limited
License Number:	392/20
Registration Number:	HE 405643
Date of Authorisation:	23-Nov-2020
Office Address:	33 Neas Engomis Street, 2409 Engomi, Nicosia, Cyprus
Websites:	https://www.fxcm.com/eu/ https://www.tradu.com/eu

The Firm is part of the Stratos Group, an online provider of multi-asset and derivative trading, and related services to clients globally.

Jefferies Financial Group Inc. (NYSE:JEF) is the ultimate parent company of Stratos Group International, LLC. Stratos Group International, LLC is the parent company of Stratos Europe Limited and other subsidiaries held under common control.

These disclosures are prepared in accordance with EU Regulation 2019/2033 (IFR) and EU Directive 2019/2034 (IFD). The latter was harmonized into Cyprus legislation through the issuance of the Cyprus Law on the Prudential Supervision of CIFs of 2021 (165(I)/2021).

The IFR / IFD framework introduced certain criteria to determine the classification of investment firms into Class 1, Class 1 minus, Class 2 and Class 3, the largest of which are systemically important. Stratos Europe is categorised as a Class 2 firm which reflects the fact that it is not systemically important but exceeds certain size and risk thresholds. Class 2 firms are subject to supervisory and remuneration requirements.

Class 3 firms are SNI investment firms, which are subject to the IFR, but may benefit from exemptions and modifications given the risks incurred are limited for the most part.

This disclosure report sets out both quantitative and qualitative information in accordance with the IFR / IFD framework and related guidance issued by the EBA. Quantitative disclosures reflect the position and audited results for the year ended 31 December 2025.

The purpose of these disclosures is to encourage market discipline by developing a set of disclosure requirements allowing market participants to assess key and consistent information on firms' capital and liquidity adequacy, risk assessment, control processes and concentration risk.

Stratos Europe is unaware of any current or foreseen material, practical or legal impediments to the prompt transfer of own funds or repayment of liabilities between Stratos Europe and its parent other than regulatory restrictions due to capital or liquidity adequacy. Any such intragroup transfer of capital is subject to review and forms part of the Firm's ICARA process.

1.2 Scope and Frequency of Disclosures

This disclosure document relates to Stratos Europe, is prepared on a solo (unconsolidated) basis and is approved by the Board. The external auditors of the Firm, provide a limited level of assurance on the fair presentation of the disclosures annually. This disclosure report is published on the Firm's websites: <https://www.fxcm.com/eu/> and <https://www.tradu.com/eu>.

2 OWN FUNDS REQUIREMENTS

As per the IFR (Article 9), investment firms are required to maintain own funds consisting of the sum of their common equity tier 1 capital, additional tier 1 capital and tier 2 capital, subject to the conditions below, at all times:

1. Common equity tier 1 capital shall constitute at least 56% of the own funds requirements;
2. Common equity tier 1 capital and additional Tier 1 capital shall constitute at least 75% of the own funds requirements; and
3. Common equity tier 1 capital, additional tier 1 capital and tier 2 capital shall correspond to at least 100% of the own funds requirements.

Articles 49 and 50 of the IFR require investment firms, not meeting the conditions for qualifying as an SNI firm, to make disclosures regarding its own funds and own funds requirements. This is reflected in the table below, using information on the Firm's total equity as presented in the audited financial statements. The Firm maintained only common equity tier 1 capital as eligible own funds and no additional tier 1 capital or tier 2 capital.

This table is prepared in accordance with the format set out in the Final Report on the Draft Implementing Standards issued by the EBA on reporting and disclosure requirements of investment firms under the IFR (EBA/ITS/2021/02). Together with Appendix 1, they satisfy the requirement of Annex VI Disclosure of Own Funds per IFR Article 49 (a) and (c).

CAPITAL RESOURCES & REQUIREMENTS SUMMARY	31 Dec 25
COMMON EQUITY TIER 1 CAPITAL	EUR 000s
Paid up equity share capital	6,600
Retained earnings	(4,337)
Audited loss for the year ended 31 December 2025	-
Total equity per financial statements	2,263
Deduction for prudent valuation adjustment	(7)
Other deduction – ICF buffer account	(48)
Regulatory common equity tier 1 capital	2,208
Capital ratio	199%
K-Factor own funds requirements*	
Risk-to-clients. (CMH) client money held	108
Risk-to-market. (NPR) net position risk	444
Risk-to-firm. (TCD) trading counterparty default	303
Risk-to-firm. (DTF) daily trading flows	59
Total K-Factors	914
Permanent minimum own funds requirement (PMCR)	750
Fixed overhead requirement (FOR)	1,109
Maximum of K-Factors, PMCR or FOR	1,109
Surplus capital	1,099

* whilst the Firm receives and transmits client orders for stock trading and is thereby subject to K-COH, the volumes are still very small and therefore the K-factor is less than EUR 1000.

2.1 OWN FUNDS

Own funds comprise common equity tier 1 capital only, being share capital and retained earnings. Refer to Appendix 1 for full details of own funds instruments issued by the Firm. The capital adequacy ratio of the Firm as at 31 December 2025, is 199% which is well above the required minimum of 100%.

The difference between regulatory own funds and the Firm's equity shareholders' funds is a deduction relating to the ICF and a deduction from own funds regarding the prudential valuation adjustment, a deduction carried forward from the CRR rulebook into the IFR via Article 9(1) (i). It is calculated in accordance with the simplified approach¹ and represents 0.1% of the absolute of fair valued derivative positions.

2.2 OWN FUNDS REQUIREMENTS

Own funds requirements under the IFR represent the largest of the following three items:

1. The PMCR, being the Firm's initial capital, which is set at EUR 750k;
2. The FOR, representing 25% of the previous year's audited fixed expenses; and
3. The sum of the K-Factor requirements.

Stratos Europe calculates own funds requirements for each applicable K-Factor sub-group and these comprise:

- **Risk to Clients (RtC)**
 - K-Factor **CMH** - client money held
Represents risks associated with the handling of client money for both segregated and non-segregated clients. The own funds requirement takes account of the average values of daily client money held over a nine-month period (ignoring the nearest three months). These are multiplied by a coefficient, 0.4% for segregated client money and 0.5% for non-segregated client money.
 - K-Factor **COH** – client orders handled
Represents the risks associated with the value of orders that the Firm handles for clients, through the reception and transmission of client orders and through the execution of orders on behalf of clients. The calculation considers the rolling average of the value of the total daily client orders handled, measured throughout each business day over the previous six months, excluding the three most recent months. These are multiplied by a coefficient, 0.1% for cash trades and 0.01% for derivatives.
- **Risk to Firm (RtF)**
 - K-Factor **DTF** - Daily Trading Flows
Represents risks associated with the daily trading volumes of derivative and cash transactions executed for clients in the Firm's name in terms of daily average flows over a nine-month period (ignoring the nearest three months) multiplied by a coefficient of 0.01% for derivative transactions and a coefficient of 0.1% for cash transactions.

¹ The approaches to determine additional valuation adjustments are prescribed in COMMISSION DELEGATED REGULATION (EU) 2016/101

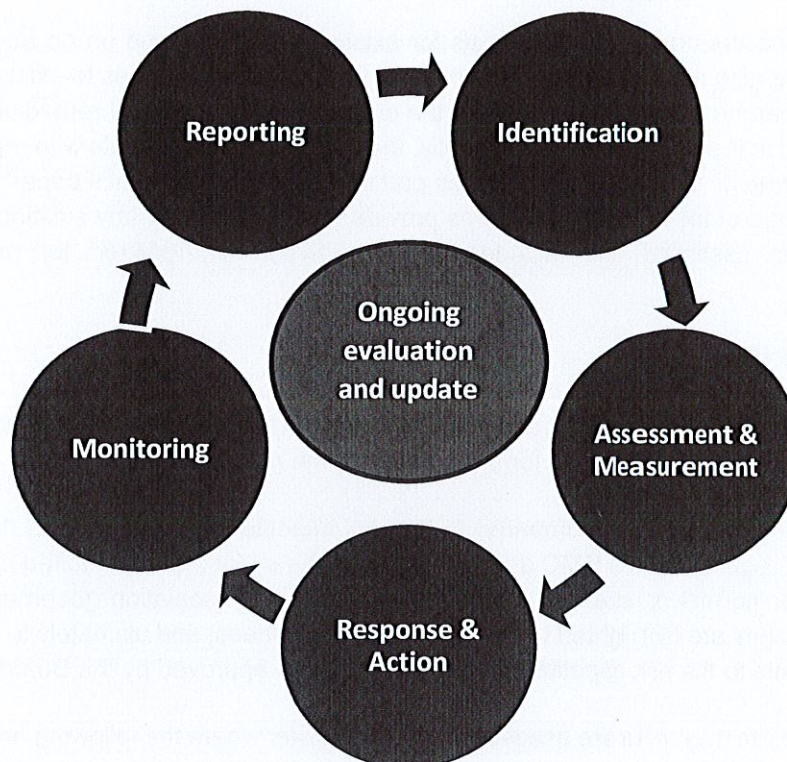
- K-Factor **TCD** - trading counterparty default
Represents the risks of potential counterparty default in the trading book. The calculation considers the replacement cost to the Firm at the reporting date plus the potential for an increased replacement cost based on product specific risk factor multipliers. There is a delta multiplication of 1.2 for all client exposures and a CVA charge multiplier of 1.5 for financial companies.
- **Risk to Market (RtM)**
 - K-Factor **NPR** - net position risk.
Represents the Firm's exposures to speculative open trading positions, or exposure to market price risk generally and is identical to the rule-set under the previous regulatory regime, CRD IV. It is the policy and the preference of the Firm to immediately hedge all client trades resulting in no exposure to price risk. The only market risk exposure is represented by the potential for on-balance sheet currency mismatches.

3 GOVERNANCE

3.1 RISK MANAGEMENT PROCESS

Stratos Europe's risk management process is cyclical in nature and revolves around the on-going evaluation and update of the risks faced by the Firm. The process includes setting the Firm's risk appetite and defining how risks will be identified, measured and managed.

The Firm seeks to promote a strong risk-aware culture by embedding this process across its risk management procedures and governance arrangements, as analysed in the following paragraphs.



3.2 INTERNAL CONTROL AND RISK MANAGEMENT

The Firm has established a risk management process to ensure that it has effective systems and controls in place to identify, monitor and manage any risks emerging.

The Board is responsible for determining the Firm's risk appetite and for ensuring the risk management processes are appropriate and operating effectively. Day to day management of risk is delegated to the RMC, which comprises the senior management of the entire Stratos Group, including relevant senior staff of Stratos Europe, who are responsible for the overall risk profile and oversight of all relevant risks. The RMC takes overall responsibility for the implementation and enforcement of the Firm's risk management processes and risk policies and for ensuring that any risks arising in the Firm are in line with the fundamental risk appetite of the Firm. The RMC also engages in the management of the Firm's risks through a framework of policies and procedures having regard to the relevant laws, standards, principles and rules (including CySEC principles and rules) with the aim of operating a defined and transparent risk management framework. These policies and procedures are updated as required.

The RMC has recognised that strategic, operational, market and credit risks are the main areas of risk to which the Firm is exposed. Annually, the Firm's senior management formally review their risks,

controls and other risk mitigation arrangements and assess their effectiveness. In addition management accounts demonstrate continued adequacy of the Firm's financial resources and are reviewed on a regular basis.

Appropriate action is taken where risks are identified which fall outside of the Firm's appetite levels or where the need for remedial action is required in respect of identified weaknesses in the Firm's mitigating controls. Risk management is an on-going process of identifying, evaluating and managing the material risks faced by the Firm, however it should be noted that the system of internal controls is designed to manage and mitigate, rather than eliminate the risk. As such it can provide only reasonable, but not absolute assurance against material misstatement or losses.

3.3 RISK IDENTIFICATION

Identification of risks occurs on an on-going basis for existing processes and on an ad-hoc basis as required for newly emerging risks, changes to the market, or anticipated changes to existing processes or laws. The Risk department tracks and monitors the status of risk issues and remedial action plans for all risks recognised in the risk register. Additionally, the Risk department meets with representatives of all functional departments throughout the year, as part of the Risk department's departmental catch-up schedule, and as part of these meetings, teams provide details regarding any existing or emerging risks, which are then assessed and included in the relevant risk register, for mitigation and management.

3.4 TYPES OF RISK

An indication of the recognised risks is included below. Stratos Europe's risks are assessed with respect to the Firm's key drivers of success, which form the basis for the risk appetite.

Reports relating to the risk profile as compared to the risk appetite and strategy and the monitoring thereof are presented regularly to the RMC and the Board. In the event that the desired risk appetite is breached under either normal or stressed scenarios, a predefined escalation governance matrix is applied so these breaches are highlighted to the respective committees, and ultimately to the RMC and the Board. Amendments to the risk appetite and capacity must be approved by the Board.

The various risks the Firm may incur are assessed in a risk register where the following are considered:

- The risk exposures;
- Description of each risk;
- Inherent risk score;
- Residual risk score;
- Risk owner;
- Risk appetite;
- Mitigation strategy;
- First line of defence; and
- Second line of defence.

3.4.1 CREDIT RISK

Credit risk is the risk that a third party fails to meet their financial obligations. This includes credit risk arising from on-balance sheet exposures and off-balance sheet exposure from OTC derivative trading.

The Firm accepts credit risk to exposures associated with the below categories of counterparties:

- Third party deposit takers;

- Affiliated Stratos Group entities;
- Clients (defaulted losses); and
- Credit clients (defaulted losses).

Stratos Europe has controls in place to mitigate these risks, including (but not limited to):

- Limits on the amount of exposure to any single counterparty, or group of connected entities, based on its credit quality rating, as per concentration risk regulations;
- Monthly and annual reviews of all banking third parties' credit ratings, market standings and negative news; and
- A default auto-liquidation feature that aims to prevent excessive debit balances on client accounts.

The Firm offers certain clients short-term immediately repayable credit facilities. The Credit department requires specific documentation to carry out the vetting procedure and approve a specific request for granting credit and these include, but are not limited to, the following:

- Reason for the credit requested;
- Balance sheet for the past two years as a minimum (where applicable);
- Income statement for the past two years as a minimum (where applicable);
- Audit outcome for the past two years as a minimum (where applicable);
- Credit score (where applicable);
- Regulatory disclosures (where applicable); and
- Current credit vehicles used (where applicable).

Each source of credit risk has been quantified to set a risk appetite level that would be representative of the overall risk capacity.

3.4.2 MARKET RISK

Market risk is defined as the risk that exposures to market price fluctuations inherent in the positions held (both on and off balance sheet) could give rise to a material loss given adverse price movements.

The Firm's business model ensures that client orders and hedging trades are executed simultaneously, eliminating market risk.

In terms of on balance sheet currency mismatch, the Firm sets limits with respect to the excess amount of a particular (non-Euro) currency that can be held at the end of each day. These limits are monitored and reported by the Treasury department and any instances of breaches of these limits are resolved as soon as possible.

3.4.3 OPERATIONAL RISK

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people or systems.

The Firm faces operational risks through its day-to-day activities and seeks to mitigate the impact of these risks to acceptable residual levels via:

- Implementation and adherence to department level policies and procedures;
- Tracking and reporting of losses related to operational risks to the Risk department and RMC, with follow ups with the respective department to investigate why the controls failed and if additional controls or a modification of the existing controls is appropriate;

- On-the-job and online training courses;
- Separation of duties between front and back office staff and a tiered approval structure for all instances of external money release;
- A product approval process is in place, combined with an annual product review process;
- Regular review and update of all relevant policies and procedure documents, including contingency and BCPs;
- The Financial Crime department monitors and manages all money laundering, terrorist financing, bribery and corruption, insider dealing, market manipulation, fraud, dishonesty and other sources of similar risks;
- Maintenance and continuous update of risk registers from all relevant departments;
- Investments and improvements in the available IT infrastructure; and
- Continuous development of the IT and Information Security departments.

The Firm sets risk appetite limits in respect of each type of operational risk.

3.4.4 CONCENTRATION RISK

Concentration risk is defined as the concentration of exposure from the geographical distribution of revenues, product type, counterparty or event.

Monthly metrics related to geographical concentration of clients are reported to the RMC on a bi-monthly basis, while the Board is provided with this information on a quarterly basis. As part of the quarterly CySEC regulatory reporting, geographical concentration risk is reportable with respect to trading activity in equity and traded debt instruments. Additionally, the Risk management, Compliance, and Sales departments monitor and report geopolitical threats to the RMC at its regularly scheduled meetings.

Stratos Europe monitors daily concentration risk exposures for both the banking book and the trading book in accordance with Articles 35 to 42 of the IFR.

In the event of a trading book exposure exceeding the limit, CySEC will be immediately notified, and the Firm will hold an additional K-CON own funds requirement in accordance with Article 39 of the IFR.

3.4.5 LIQUIDITY RISK

Liquidity risk is the risk that a firm, although solvent, does not have sufficient liquid resources available to enable it to meet its obligations as they fall due. Stratos Europe controls and manages liquidity risk intraday and uses its own operating funds to settle margin requirements at hedging counterparties for all client trades.

Liquid resources are derived from the Firm's own funds and non-segregated client balances. Cash is held at a number of banking counterparties at call, ensuring funds are always immediately available. No funds are procured or borrowed from any counterparty, nor held on a maturity other than at call. Segregated client money is not available for the Firm to use and is insulated from the Firm's own operating funds.

Article 43 of the IFR sets out minimum liquidity requirements for investment firms, being an amount of liquid assets equivalent to at least one third of the FOR calculated in accordance with IFR Article 13(1). Whilst not a specific requirement of the IFR, the Firm has ring-fenced a cash amount at one of its banks specifically to comply with this rule. An assessment to identify additional liquid resources was made as part of the ICARA, which was approved by the Board in September 2025.

3.4.6 STRATEGIC RISK

Strategic risk is defined as any risk arising from changes to the business environment, including the risk that Stratos Europe may not be able to carry out its business plan and desired strategy. Strategic risk is the possibility a firm will have lower than anticipated profits or experience a loss rather than making a profit. Strategic risk is influenced by numerous factors, including sales volume, competition, the overall economic climate, and government regulations.

3.4.7 OUTSOURCING RISK

Stratos Europe outsources certain operational, administrative, and technology functions and services to Stratos Group affiliates in order to optimise Stratos Group resources and reduce costs. The Firm also outsources the provision of access to stock trading to a third party. Internal audit and transaction reporting is outsourced to third-party firms.

This is done to enhance the efficiency and effectiveness of the Firm's business practices, increase management focus, reallocate internal resources towards core business functions, and accelerate the delivery of services to clients. Service level agreements are in place governing the services provided by Stratos Group affiliates and other third parties. The Firm performs reviews of outsourcing arrangements on an annual basis, or as deemed necessary based on changes to business needs and/or practices.

A global Stratos Group BCP sets out guidelines for preparation, response and recovery from significant business disruptions with minimal impact to its clients and other stakeholders. Individual Stratos Group affiliate offices also maintain emergency response plans in the event of service disruptions. The Global Compliance Monitoring department performs annual risk-based testing, to ensure all business continuity and emergency plans are adequate and effective. Third-party outsourcing agreements set out the contractual responsibilities and are reviewed by internal counsel and include descriptions of the services, responsibility, liability, confidentiality and data protection.

Additionally, the Firm ensures that all relevant staff undergo centralised training in order to maintain compliance with regulatory requirements and ensure all relevant staff comply with competence standards. The Firm maintains oversight over all outsourced functions, through management information, generated by the Risk, Compliance and Internal Audit functions, which provides information regarding the performance of the outsourced functions on a monthly basis.

3.4.8 INTEREST RATE RISK

Interest rate risk is defined as either the risk that an investment's value will change due to a change in the absolute level of interest rates, or in the case of fixed income investments, that the opportunity cost of the investment has changed due to a change in the spread between two rates, the shape of the yield curve or a change in some other interest rate relationship.

Stratos Europe has exposure to interest rate risk in the non-trading book with respect to exposures to cash at bank.

Regarding interest rate risk in the trading book, the products the Firm offers to its clients are CFDs linked to futures contracts referencing government bonds. As all client trades are hedged simultaneously, there is no exposure to interest rate risk in the trading book.

3.4.9 REGULATORY RISK

Regulatory risk includes the risk of non-compliance to regulatory requirements and the risk that a change in laws and regulations may materially impact the Firm and its potential profitability. This is because such changes can lead to an increase in costs, reduce the attractiveness of investments or change the competitive landscape. This is broken down into direct and indirect risk. The Firm faces direct regulatory risk via the issuance of fines by regulators, while tighter regulations have the indirect potential to reduce profitability by either reducing client volumes or increasing own funds requirements.

Stratos Europe attempts to mitigate regulatory risk by performing regular checks across the industry to identify regulatory developments, which may have an impact on the Firm. Internally, relevant staff meet to assess the potential impact, formulate an action plan and implement any required changes. Any potential regulatory changes are reported to all relevant committees and senior management on a bi-weekly basis. Members of the Compliance department also engage in dialogue with the Firm's regulator and with industry bodies in order to inform the judgments and decisions made; to ensure continued compliance with the Firm's regulatory obligations. Breaches are immediately escalated to senior management and the Firm works towards mitigating them and ensuring ongoing compliance with regulations.

3.4.10 CAPITAL ADEQUACY RISK

Capital adequacy risk refers to the risk of maintaining insufficient capital resulting in potential breaches of capital adequacy regulations. As Stratos Europe is subject to the EU IFR and IFD, as well as all relevant CySEC regulations/ Laws, the Firm must maintain minimum capital requirements to ensure:

- a) The Firm is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and
- b) The Firm can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

The Finance department reports revenue and capital adequacy to the RMC on a bi-monthly basis and has various management actions available to mitigate the risk of breaching capital adequacy requirements. Management actions include, but are not limited to:

- Liquidating client positions, to reduce counterparty risk exposures;
- Increasing margins for clients (both retail and professional) to reduce net open positions and thus counterparty risk exposure;
- Continuous exploration of new revenue streams, strategic partnerships and cost reducing techniques;
- Continuous monitoring and analysis of the Firm's overall capital positions by the ALCO and the RMC, to ensure familiarity and ability to control/manage all relevant aspects of the Firm's capital structure and surplus capital levels;
- Requesting a capital injection from the parent or further collateral from hedging counterparties if necessary; and
- Continuously monitoring expenditure to ensure it is prudent.

3.5 RISK ASSESSMENT AND MEASUREMENT

The Firm makes every possible effort to ensure that it has recognised all the relevant risks to the Firm by performing an appropriate assessment for each risk. The risk assessment includes consideration of the likelihood of a risk occurrence and the impact of a risk on the achievement of the Firm's objectives within a specified timeframe. A description for the arrangements and mechanisms to manage each material risk is provided in the Firm's Overarching Risk Policy and the ICARA.

Risk Assessment

Risk assessment is the process of identifying the possibility of the occurrence of events harmful to clients, the Firm and the wider market. Risk assessment enables:

- a) Presentation and approval of policies and procedures by the appropriate committees;
- b) Periodic reviews while ensuring that any changes to policies are consistent and clear; and
- c) The maintenance and updating of the relevant policies and procedures manuals.

Risk assessment enables all parties involved to understand:

- a) The particular features inherent in each financial instrument; and
- b) The interrelation between the projected return and the gravity of risk undertaken.

3.5.1 RISK RESPONSE AND ACTION

For each recognised risk, the Firm has established an appropriate response / mitigation strategy in order to optimise risk management. Generally, the higher the impact of the risk under consideration, the more immediate and decisive the response is.

Each risk and related response are assigned to the head of the department who is responsible for the area affected by the risk or to senior management for cases requiring immediate action.

3.5.2 MONITORING

Risks and risk response activities are monitored by the responsible manager to ensure that significant risks remain within acceptable risk levels, emerging risks and gaps are identified and risk responses and control activities are adequate and appropriate. All of these are indicated in the risk register and during the meetings of the RMC. The RMC has an important oversight role in confirming that management is monitoring and managing risks in accordance with the existing risk management framework. Indicators that fall outside of the acceptable risk levels are escalated to the attention of senior management or the Board, with appropriate action plans for returning the risk back within the acceptable risk levels. The risks that still remain above acceptable risk levels are considered by the Board for approving any necessary resolution strategies. This activity forms the basis for reporting to the Board and on-going monitoring by management.

3.5.3 REPORTING

In line with their oversight capacity and to ensure that risks are being managed within the approved risk levels, the Board, RMC and senior management receive the results of the Firm's risk management process. The results are presented through a report prepared by the risk manager concerning the following matters:

- Summary of the nature and magnitude of key risks;
- Highlight all material risks and those risks that exceed their acceptable risk levels;
- Identify any deficiencies and implement additional control activities that may be required to return the risks to within the approved risk levels;
- Identify any negative trends of higher risk areas and any updates needed to the risk management activities;
- Highlight any new risks including their risk assessment, risk response and management activities;
- Identify any material emerging risks; and
- Document any exceptions to established policies or limits for key risks.

3.5.4 THE BOARD

The Board is responsible for establishing the risk appetite, monitoring the risk profile and ensuring consistency between them. Furthermore, under the supervisory function of the Board, senior management is responsible for achieving the desired risk profile as well as managing risks on a daily basis.

The Board ensures that all risks relevant to the Firm have been taken into account and that sufficient resources have been assigned to manage and control these risks, and monitors the management and control of the risks.

In addition to the above, the Board also has the following duties, reserved specifically for the decision of the Board:

- Take reasonable care to ensure that the Firm complies with its obligations under law;
- Approval of statutory annual financial statements and reports;
- Maintain oversight of conflicts of interest affecting the Company;
- Maintain oversight of the Company's Environmental, Social, and Governance matters;
- Payment of dividends;
- Changes to capital structure;
- Significant changes to the Firm's activities including, major acquisition, divestments, investment, capital expenditure or realisation or creation of a new venture;
- Final approval of all new products or material changes to existing products in accordance with the Markets in Financial Instruments Directive ("MIFID II") Product Governance requirements;
- The appointment and removal of the Firm's auditors and principal advisors;
- Maintaining ultimate oversight of the Firm's strategies, governance, leadership, processes and people policies, reflecting the obligation to deliver good customer outcomes for customers;
- Considering and approving material contracts and contracts outside of the Firm's normal business activity;
- Opening of bank accounts, trading accounts and clearing accounts;
- Periodically review and approve certain policies and documents, including:
 - Business Plan;
 - ICARA, Wind-Down Plan and Resolution Plan;
 - Internal Operations Manual and accompanying policies (i.e. Compliance Incident Reporting Policy, Recruitment and Selection Policy, Client Categorisation Policy, Inducements Policy, Remuneration Policy, Appropriateness Policy, Costs and Charges Policy, Complaints Policy, Succession Planning Policies, Overarching Risk Policy and Client Funds Buffer Policy);
 - Product Governance Policy;
 - Safeguarding Clients Assets Policy;
 - AML Compliance Officer Report;
 - AML Policy;
 - Governance Manual;
 - Financial Crime policies and procedures; and
 - Whistleblowing Policy & Procedure
- Set the strategy of the Firm, plan the approach and ensure the continuity of operations of the Firm;
- Meet on a frequent basis ensuring operational and strategic issues are discussed and issue guidance to the executive officers and senior management;
- Ensure that internal audit, compliance and risk management issues and functions are reviewed at least annually, and that frequent written reports are received concerning the said issues and functions;

- Maintain oversight of the timely implementation of corrective measures for addressing issues raised by regulators;
- Duty to exercise reasonable care, skill and diligence;
- Establish any committees deemed necessary;
- Commit sufficient time to perform duties in the CIF;
- Act with honesty, integrity and independence of mind to effectively assess and challenge the decisions of the senior management;
- Oversee and monitor management decision making when necessary;
- Appointments to the following positions (including, for the avoidance of doubt, appointments that are analogous, appointments of successors by whatever title and appointments of alternate directors):
 - Chair of the Board;
 - Directors;
 - Chief Executive Officer;
 - Compliance Officer;
 - Money Laundering Reporting Officer / Alternate Money Laundering Reporting Officer;
 - AML Director;
 - Whistleblowing Champion; and
 - Company Secretary.
- Any substantial change in the policies established from time to time by the Board for balance sheet management including capital adequacy, credit, liquidity, maturity structure of assets and liabilities, interest rate and exchange rate risks and asset concentration both geographically, by sector and global business.

Number of directorships held by members of the Board

In accordance with the Investment Services Law, unless representing the Republic of Cyprus, members of the board of directors of a CIF that is significant in terms of its size, internal organisation and the nature, the scope and the complexity of its activities shall not hold more than one of the following combinations of directorships at the same time:

- a) one executive directorship with two non-executive directorships; and
- b) four non-executive directorships.

Stratos Europe is not a significant CIF and these rules are therefore not applicable. The Firm regularly monitors the threshold which determines a significant CIF and will act if the threshold is breached.

In accordance with the Law, executive or non-executive directorships held within the same group shall count as a single directorship. Furthermore, executive or non-executive directorships held within institutions which are members of the same institutional protection scheme, provided that the conditions set out in Article 113, paragraph (7) of Regulation (EU) No 575/2013 are fulfilled or undertakings (including non-financial entities) in which the CIF holds a qualifying holding, are also considered as a single directorship.

In accordance with Article 48 of the IFR regarding governance:

Position	Number of Directorships
CEO and Executive Director	1
Head of Brokerage and Executive Director	1
Non-Executive Director	2
Non-Executive Director	1

Independent Non-Executive Director	2
Independent Non-Executive Director	3

Diversity Policy

Stratos Europe recognises the benefits of having a diverse board. When selecting or promoting new members to the management body, the Firm takes many factors into consideration including the most talented individuals available together with the interests of diversity in mind. The Firm, includes a diversity policy in the context of assessing the suitability of the members of the Board and key function holders, in accordance with the relevant Joint ESMA/EBA Guidelines.²

The Firm aims to engage a broad set of qualities and competences when recruiting members of the management body, to achieve a variety of views and experiences and to facilitate independent opinions and sound decision making within the management body. The Firm also aims to maintain an appropriate representation of all genders within the management body and ensures that the principle of equal opportunities is respected and preserved.

The aspects which the Firm considers in order to maintain diversity include, but are not limited to, educational and professional background, gender, age, geographical provenance and in order to support a diverse composition of the management body the Firm makes sure that there is no discrimination based on gender, race, colour, ethnic or social origin, genetic features, religion or belief, membership of a national minority, property, birth, disability, age, or sexual orientation. Consequently the Firm is committed to providing equal opportunities and fostering a diverse workforce that reflects these varied characteristics.

Furthermore, from June 2024, the Firm has an obligation to provide a report to CySEC in relation to the gender pay gap every three years in accordance with CySEC Circular C576 and the relevant EBA Guidelines on the Benchmarking Exercises on Remuneration Practices and the Gender Pay Gap under Directive (EU) 2019/2034 (IFD), (EBA/GL/2022/07).

In setting up its diversity policies, the Firm has taken into consideration the "Report on the Benchmarking of Diversity Practices and the Gender Pay Gap", published by the EBA.³

In addition, Article 10(2)(b)(ii) of the Cyprus' Law 87(I)/2017 refers to CIFs that are significant in terms of their size, internal organisation and the nature of their scope and complexity of their activities, and it sets targets for the representation of the under-represented gender in the Board and the preparation of a policy on how to increase the number of the under-represented gender in the Board in order to meet that target that is required. The Firm recognises the target and takes it into consideration when assessing the need for Board diversity.

The Law states that a CIF, which is significant in terms of its size, internal organisation and the nature, scope and complexity of its activities, shall establish a nomination committee comprising members of the board of directors who do not perform any executive function in the CIF.

CySEC's circular C487, dated 10 February 2022, redefined the threshold criteria of a 'significant CIF' by replacing the earlier circular C228, issued on 26 July 2017.

² Final report on joint EBA and ESMA guidelines on the assessment of suitability

³ Report on the Benchmarking of Diversity Practices and the Gender Pay Gap

A CIF is considered as a 'significant CIF' for the purposes of the Investment Services Law where its on and off-balance sheet assets are on average greater than EUR 100 million over the four-year period immediately preceding the given financial year.

Stratos Europe does not meet this criteria and is therefore not considered to be a significant CIF and has neither established a nomination committee, nor prepared a policy on how to increase the number of the under-represented gender in the Board in order to meet the Law's target.

Notwithstanding the above, the Firm recognises the benefits of a diversified Board and accordingly the Firm maintains a reasonably balanced Board gender split of 66.7% male to 33.3% female.

3.5.5 RISK MANAGEMENT COMMITTEE

The RMC oversees the day-to-day risk management operation of the Firm. The RMC ensures that the Firm maintains adequate risk management policies and procedures, including effective procedures for risk assessment, measurement, mitigation, control, reporting and monitoring. A number of global sub-committees report to the RMC including: ALCO; Financial Crime Committee; Product Governance Committee; Information Technology Steering Committee; and Information Security Committee. The RMC also receives reports from the Global Client Money Committee of the operating entities of Stratos Group including the Firm, which reports to the Board on relevant matters.

The RMC's main responsibilities may be summarized as follows:

- To maintain and have oversight of Stratos's risk framework, risk management policies and procedures;
- To review and monitor the risk profile of the Stratos Group. This is undertaken through the ongoing process of risk identification, impact & probability assessment, risk rating, control assessment and reporting of all material risks;
- To review risk issues and incidents recorded in the risk register;
- To review and monitor the KRIs;
- To review the scope and nature of the work undertaken in risk management, which includes but is not limited to:
 - Credit Risk;
 - Market Risk;
 - Operational Risk;
 - Conduct Risk;
 - Regulatory Risk and Compliance;
 - Liquidity and Capital Risk;
 - Country Risk;
 - Group Risk;
 - GDPR Risk;
 - Outsourcing Risk; and
 - Reputational Risk.
- To maintain, review and oversee decisions taken regarding trading limits, margin limits, counterparty credit ratings, deposit limits and book limits in accordance with the Stratos Group's risk appetite;
- To maintain the risk appetite matrix and statement which include, where appropriate, quantitative and qualitative metrics and to monitor compliance with the risk appetite;
- To make recommendations for approval to the board(s) of directors about the risk appetite and risk control framework;
- To consider the Stratos Group's current strategy and risk appetite, and identify any risk trends, concentrations or exposures and any requirement for policy;
- To assess compliance issues and regulatory risks impacting Stratos Group;
- To review the regulatory breaches register;

- To approve all new products or material changes to existing products, which should then be escalated to the Board for final approval in accordance with the MIFID II product governance requirements.
- To provide updates on new and upcoming regulations that will have an impact on the Stratos Group's current operations, systems, controls and business activities;
- To review the adequacy and effectiveness of the risk policies and procedures where necessary;
- To review staff changes and updates to key person dependencies;
- To oversee the work carried out by the sub-committees of the RMC;
- To receive reports from other global committees including the Global Client Money Committee;
- To consider comments and recommendations presented to the Committee by other global committees, including the Global Client Money Committee;
- To escalate specific critical risk issues, when required, to the board(s) of directors for immediate review and action;
- To foster an environment and culture of good risk management practice and governance oversight;
- To review the effectiveness and adequacy of Stratos's outsourcing arrangements;
- To oversee the implementation of the 'Best Execution Policy', which provides a comprehensive overview of how Stratos Group complies with the obligation to take reasonable steps to obtain the best possible results for its clients in the execution of their orders;
- To oversee the day-to-day transaction reporting operations of the Stratos Group; and
- To oversee the design and effectiveness of the operational resilience framework of Stratos Group.

Stratos Europe has not set up a separate local risk committee but instead benefits from the extensive experience of the Stratos Group Global RMC, which comprises, inter alia, highly experienced members and invitees of senior managers and executives from five regulated investment firms across the Stratos Group.

- Committee membership includes a Stratos Europe Non-Executive Director, the Head of Brokerage, and the Risk Manager;
- A standing agenda item is in place to discuss KRIs and address any specific issues arising; and
- During 2025 the Stratos Group RMC met on five occasions.

3.5.6 RISK TOLERANCE AND APPETITE

In order to achieve its business objectives, the Firm recognizes that it will take on certain risks. The Firm aims to take risks in an informed and proactive manner such that the level of risk is aligned with the potential business rewards. The objective of the risk management framework is to align the Firm's goals with its risk appetite. The more aggressive the goals are, the higher the risk appetite to take/accept risk. Management regularly reviews risk exposures against current risk level tolerances and risk limits to ensure they fit with the Firm strategy.

The Firm is risk averse with respect to risks that could cause:

- Harm to clients;
- Harm to firm regarding the health or safety of employees;
- Harm to firm regarding reputation or brand;
- Harm to firm leading to breaches of laws and regulations; or
- Harm to firm and the markets by endangering its future existence.

The Firm defines its risk appetite and capacity based on a description of the risks to which the Firm is exposed and within the analysis performed, mitigation techniques are proposed.

The Firm's Overarching Risk Policy establishes the philosophy and the high-level boundaries for risk-taking activities across the Firm. Risk policies and tolerances give more specific guidance/ limits for particular risks, providing clarity for management in making day-to-day risk-return decisions.

The Firm has taken the approach to be risk averse and the Firm takes reasonable steps to manage its risks. This is reflected in the Firm's low appetite for taking on risk in any of its activities. Quantitative and qualitative factors are used to define the risk appetite of the Firm taking also into consideration the potential outcomes of extreme scenarios and events reflecting any potential impact on the Firm's key metrics and financial position.

Risks related to income generating capability are mitigated wherever possible and measures against actual and potential operating risks are taken where the Board judge the benefit or the potential of the mitigation to exceed the costs of the mitigating controls.

The same low tolerance to risk is reflected on the expenses of the Firm with minimal long-term cost commitments.

The Firm has little to no tolerance for engaging in activities that adversely influence its risk profile. All risks of any significance are recognised, assessed and controlled on an on-going basis.

In support of this culture, the Firm:

- Operates responsibly; to meet the financial service needs of its clients, provide excellent client service and maintain impeccable professional standards and business ethics;
- Makes business decisions only after careful consideration of risk;
- Understands the risks it takes on, increasing exposure to new strategic initiatives / products only as sufficient experience and insight is gained;
- Exercises disciplined moderation in risk taking, underpinned with strength in capital and liquidity;
- Diligently strives to protect and enhance its reputation whilst being intolerant of regulatory and compliance breaches or risks associated with its people;
- Maintains a control environment that, within practical constraints, minimises risks; and
- Promotes a culture aimed at the achievement of best practice in the recognition, assessment and management of risk.

In conjunction with its risk culture and boundaries, the Firm also requires operational and compliance risks to be kept at low levels. The specific appetite for each risk type is implemented and enforced by an extensive set of specific limits, controls and governance processes.

It is on the suggestion of the Risk Manager that triggers and thresholds are set on a forward-looking basis and the escalation requirements for further action are defined. The Firm then assigns risk metrics that are sensitive to material risks, which the Firm is exposed to and able to function as key indicators of financial health. Such indicators are tested and monitored through the ICARA process of the Firm. The specific risk appetites for the various risk exposures of the Firm have been described throughout Section 3.4.

Throughout 2025 the risk profile has increased above the normal levels as defined above. In the event the desired risk appetite is breached under either normal or stressed scenarios, these breaches are highlighted to senior management, and ultimately to the Board. In addition, the Firm has in place well-documented risk management procedures that describe the immediate actions in response to an adverse event.

3.5.7 RISK GOVERNANCE

The Firm takes into consideration the regulator's risk based supervision framework which focuses on the four primary areas of governance arrangements, being AML measures, procedures, prudential compliance and conduct of business, through the collection of quantitative and qualitative data.

The Firm adopts a three lines of defence approach in its risk management with clear roles and responsibilities.

Risks are controlled through a system of global committees and by the Board. Main risk functions are exercised by an independent Risk Management department. The Board has a supervisory function and is responsible for the Firm's fundamental approach to risk, for approving the risk principles and for defining risk capacity and risk appetite.

3.5.8 MANAGEMENT COMMITTEES

Stratos Europe leverages from the well-established governance structure of the Stratos Group and benefits from the inclusion of the following Stratos Group Global Committees, which comprise:

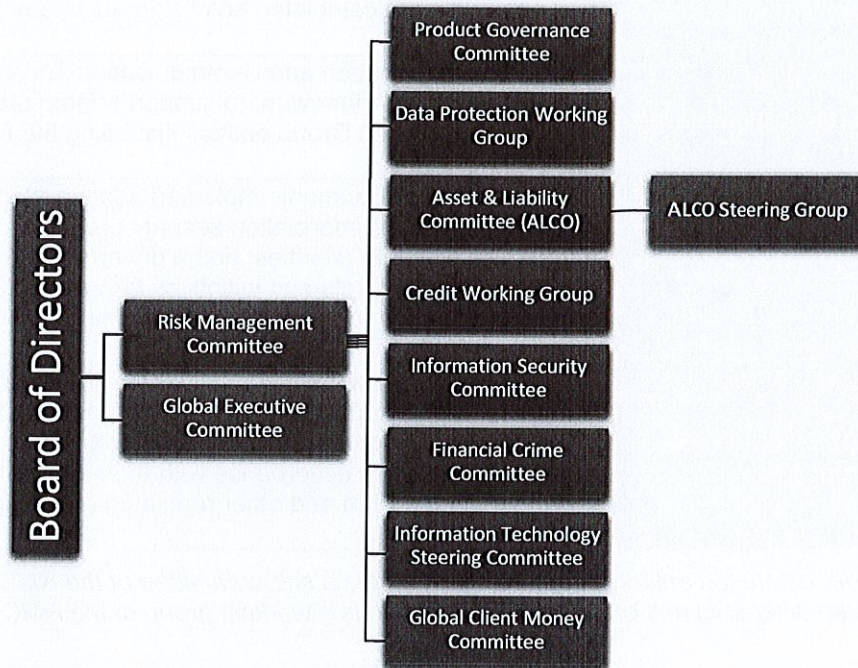
	COMMITTEES	RESPONSIBILITIES
GLOBAL MANAGEMENT COMMITTEES & WORKING GROUPS	Global Executive Committee	The Global Executive Committee is a management committee of Stratos Group International, LLC. The committee was established to provide a strategic forum for senior management of the operating entities of Stratos Group, including the Firm, to share updates, align on priorities, and make collective decisions on key operational and business matters. The committee aims to improve cross-functional coordination, communication, and decision-making, ensuring that Stratos Group and its subsidiary companies are operating efficiently and effectively in alignment with set strategic goals.
	Risk Management Committee	The RMC is a global committee of the operating entities of Stratos Group, including the Firm. In relation to the Firm, the purpose of the committee is to oversee the day-to-day risk management operations of the Firm, under the supervision of the Board, and to ensure that the Firm maintains adequate risk management policies and procedures, including effective procedures for risk assessment, measurement, mitigation, control, reporting and monitoring.
	Asset & Liability Committee *	The ALCO is responsible for global balance sheet management of all Stratos Group regulated entities, including the Firm. Balance sheet management refers to the risk management of capital and liquidity.
	Credit Working Group **	Determines and approves the credit risk appetite of Stratos Group entities, including the Firm, and reviews requests to provide new credit lines or extend credit lines to new and existing clients.
	Financial Crime Committee *	Provides governance and oversight of the money laundering and counter terrorist financing programme and financial crime risks that are present within the business of Stratos Group entities, including the Firm, and within the industry, such as money laundering and counter terrorist financing.
	Data Protection Working Group **	Oversees and monitors the Firm's compliance with data privacy laws including subject access requests.

	Product Governance Committee *	Oversees the launch of new products to customers of Stratos Group entities, including the Firm, and ensures the appropriate processes and approvals are completed before products are launched.
	Information Technology Steering Committee *	Establishes Information and Communication Technology priorities, and a governance framework to support related projects and initiatives for Stratos Group entities, including the Firm.
	Information Security Committee *	Oversees the development, implementation, and ongoing management of the information security program to establish Information Security priorities, and a governance framework to support related projects and initiatives for Stratos Group and its subsidiaries under common control, including the Firm.
	Global Client Money Committee	This a global management committee for all regulated firms under Stratos Group, including the Firm. The purpose of the committee is to ensure that arrangements are in place for adequate protection of customers' assets in accordance with the best interest of the customers of the Firm and other regulated entities of Stratos Group.

* Operates under delegated authority from the RMC and is a sub-committee of the RMC.

** Operates under delegated authority from the RMC and is a working group of the RMC.

The Governance Structure of the committees is illustrated in the diagram below.



3.5.9 THE ICARA

The Firm's ICARA process is the focal point of a robust risk management framework and the continuous assessment of systems, controls and procedures in operation. The ICARA is reviewed and updated annually or immediately following a material change in the Firm's operating model. The ALCO, RMC, Executive committee and the Board provides feedback / challenge and final approval.

The main components of the ICARA documents are as follows:

- A consideration of the own funds and liquid assets on a forward-looking basis that the Firm needs to maintain;
- Plausible stress scenarios that could affect the Firm under:
 - Normal operations type circumstances (to include severe but plausible assumptions over a protracted period of time, considering firm-specific and macro-economic trigger events with a combined scenario, each to include the impact of management actions); and
 - Additionally stressed scenarios for the purposes of a recovery situation to include the impact of recovery options.
- A clear description of the Firm's business model and strategy and how it aligns with the Firm's risk appetite;
- An explanation of the activities of the Firm;
- An identification of the harms that may arise from the ongoing operation of the Firm, including a reflection of the lifecycle of a client's experience and how harms may be mitigated owing to the Firm's control framework and culture;
- A description of appropriate systems and controls to identify, monitor and mitigate / reduce all potential material harms;
- The Firm's recovery planning; and
- Reverse stress testing and wind-down planning.

4 REMUNERATION

4.1 PURPOSE

The Remuneration Policy establishes a framework and structure with regard to Stratos Europe employees' remuneration, which is clear, consistent, fair and equal. The Remuneration Policy is proportionate to the size, internal organisation and nature, as well as to the scope and complexity of the activities of the Firm.

The Remuneration Policy is relevant to each department of the Firm. The framework and criteria established via the Remuneration Policy are taken into account on the examination and assessment of the staff of each department e.g. Sales, Back Office, Compliance Function and Anti-Money Laundering Compliance Officer etc.

The Board is responsible for reviewing and approving the Remuneration Policy. The Board is responsible for the on-going monitoring of the Remuneration Policy to ensure that:

- It is consistent with and promotes sound and effective risk management (including conduct risk) and does not induce excessive risk-taking;
- It is in line with the business strategy, objectives, values and long-term goals and does not reward inappropriate behaviour or failure;
- Safeguards clients and investors, furthers sustainable and long-term value and contains measures to avoid conflicts of interest; and
- In instances of early termination of employment, the Firm does not reward failure or inappropriate behaviour (e.g. gross misconduct).

4.2 STAFF CLASSIFIED AS IDENTIFIED STAFF UNDER IFD / IFR

"Identified Staff" means staff whose professional activities have a material impact on the investment firm's individual or the group's risk profile or of the assets that it manages. This determination is performed in accordance with the qualitative and quantitative criteria set out in Article 30(1) of the IFD, the RTS on identified staff⁴ and any additional criteria defined by the investment firm.

The Identified Staff category, includes executive and non-executive members of the management body, senior management and staff who have managerial responsibilities for the activities of control functions (e.g. Risk Function, Compliance Function, Internal Audit Function and Legal). It includes staff members who have managerial responsibilities for the prevention of money laundering and terrorist financing, staff members responsible for managing a material risk within the investment firm, as referred to in Article 28(3) of the IFD, or is a voting member of a committee responsible for managing a material risk to which the investment firm is exposed. It also includes staff members who are responsible for managing the activities of economic analysis, IT, information security or outsourcing arrangements of critical or important functions, staff members who have discretion in approving or vetoing the introduction of new products and any employees receiving overall remuneration equal to at least the lowest remuneration received by a member of the management body, whose professional activities have a material impact on the risk profile of the Firm or of the assets that it manages.

The management body in its supervisory function (non-executive) is responsible for ensuring that remuneration for Identified Staff is decided on a responsible, fair and consistent basis in line with the

⁴ Commission Delegated Regulation (EU) 2021/2154 supplementing Directive (EU) 2019/2034 (IFD) of the European Parliament and of the Council with regard to regulatory technical standards specifying appropriate criteria to identify categories of staff whose professional activities have a material impact on the risk profile of an investment firm or of the assets that it manages.

Remuneration Policy, the Firm's strategy and performance, individual performance and contributions to the success of the Firm, any regulatory requirements, legislation and within any financial constraints.

4.3 DESIGN AND STRUCTURE OF THE REMUNERATION POLICY

The management body in its supervisory function review and approve the Remuneration Policy on an annual basis. The Remuneration Policy incorporates the following:

- Fixed remuneration / base salary; and
- Variable remuneration.

Where remuneration includes a variable element, for example a bonus scheme, sales incentives scheme (if applicable), benefits or any salary reviews, these are awarded based on performance criteria of the employee. The Remuneration Policy is structured in such a way as to achieve a fair balance between the fixed and variable elements. This balance of the various elements of remuneration can vary according to the employee concerned, market conditions and the specific environment in which the Firm operates.

4.4 FIXED REMUNERATION / BASE SALARY

Fixed remuneration serves to compensate employees according to their qualifications, experience and skills, as well as the requirements, significance and scope of their work. Specifically, it includes the contractually agreed monthly recurring salary.

The following factors may be considered when determining base salary:

- Minimum statutory wage requirements;
- Market rates of pay;
- Internal rates of pay – to ensure equality, consistency and fairness across roles and departments based on: skills and knowledge commensurate with the size of the job; the level of seniority at which the jobholder operates; and
- Individual performance in the role.

It is noted that all the Firm's employees are awarded with a fixed monthly remuneration.

4.5 VARIABLE REMUNERATION

Variable Remuneration is not solely or predominantly based on quantitative commercial criteria and shall take fully into account appropriate qualitative criteria reflecting compliance with the applicable regulations, the fair treatment of clients and the quality of services provided to clients. These criteria must reflect the desired conduct of employees to act in the best interest of clients and with a focus on the long term sustainable performance of the Firm versus short term risk taking or malpractices. Variable remuneration is mainly based on performance.

The Firm should ensure to take into account criteria that do not create conflicts of interests or incentives that may lead Identified Staff to favour their own interests or their Firm's interests to the potential detriment of any client.

The Firm has determined that the appropriate ratio between the variable and fixed component of the total remuneration, taking into account the business activities of the Firm and the associated risks, is a variable component which shall not exceed 100% of the fixed component of the total remuneration for each individual, unless shareholders' approve a higher ratio (max 200%).

4.6 DISCRETIONARY PERFORMANCE - BONUS

The Firm operates an annual appraisal process which establishes objectives for all staff covering both financial and non-financial metrics, specific behavioural competencies including compliance and risk management behaviours with regards to the Firm's values, code of conduct, policies and procedures. For more information on how the assessment is performed, please refer to the PMS section in point 4.9 below. The Firm considers this process to fully address the requirement of items (a) and (b) of Article 32 of the IFD on "variable remuneration".

Performance against non-financial metrics has a significant influence on the overall performance rating, and poor performance against non-financial metrics will result in a reduction of an employee's annual incentive award. Annual performance ratings are independently reviewed (and challenged where appropriate) and calibrated at a Firm-wide level to ensure that ratings have been applied consistently and performance has been effectively differentiated.

Under the remuneration framework, remuneration decisions are made based on a combination of business results, performance against objectives set out in performance scorecards, general individual performance of the role and adherence to the Firm's values, code of conduct, policies and procedures.

4.7 RATIO BETWEEN FIXED AND VARIABLE REMUNERATION – FINANCIAL YEAR 2025

As per IFR Article 51 point (b) and in accordance with IFD Article 30(2), the Firm needs to disclose the ratio between fixed and variable remuneration of its material risk takers. As a Class 2 firm, Stratos Europe applies an appropriate balance between fixed and variable remuneration. In particular, the Firm ensures that remuneration policies, procedures and principles are consistent with the Firm's values and purpose and support its long-term sustainable success. In this regard, the Firm ensures the ratio between fixed and variable remuneration is such that it does not encourage unnecessary risk taking. Rather, the variable component is aligned with the achievement of good outcomes for clients, the Firm, and the markets. As at the year ended 31 December 2025, variable remuneration represented 13.89% of fixed remuneration⁵.

⁵ The methodology used for calculating the ratio is in line with the EBA's Report on "Benchmarking of Remuneration Practices" [EBA/REP/2022/17](#)

4.8 QUANTITATIVE DISCLOSURES

Category of Staff	The Management Body (Including Supervisory and Management Functions)	Other Identified Staff
Members (headcount)	6	5
Total Fixed Remuneration (in EUR 000's) in year 2025	294	527
Of which: cash-based	286	501
Of which: other forms	8	26
Total Variable Remuneration (in EUR 000's) in year 2025	25	89
Of which: cash-based	25	89
Of which: other forms	0	0
Total Remuneration (in EUR 000's) in year 2025	319	616

Note: The "Other Identified Staff" category includes certain heads of control functions. It should be noted that non-executive members of the management body in its supervisory function do not receive variable remuneration from Stratos Europe.

No staff were remunerated in excess of EUR 1million during the financial year ended 31 December 2025.

It is noted that the Firm's value of on and off-balance sheet assets is on average less than EUR 100 million, over the four-year period immediately preceding the given financial year. Therefore, the Firm is not obliged to pay at least 50% of the variable remuneration of categories of staff mentioned in Article 30(1) of the IFD in instruments and at least 40% deferred, in accordance with Article 32(1)(j)(I) and Article 32(4) of the IFD.

All variable and fixed remuneration was paid in cash, no shares or share-linked instruments were paid while no deferred remuneration or severance payments were made during the year in relation to the management body or other identified staff.

MiFID II and Cyprus Law L. 87(I)/2017, define "senior management" as natural persons who exercise executive functions within an investment firm and who are responsible and accountable to the management body of the firm, for the day-to-day management of the entity, including for the implementation of the policies concerning the distribution of services and products to clients by the firm and its personnel. In order to fall within this category, the specific natural person has to be exercising executive functions. Having only managerial responsibilities, without exercising executive functions is not enough to fall within this category. Members of the management body exercising the executive functions of the Board are considered to be members of the senior management. "Other senior

management", are natural persons who are exercising executive functions although they are not appointed as members of the management body.

The number of members of the Board in both its supervisory and management functions and other senior management individuals included in the quantitative disclosures above, as required by IFR Article 51 point (c), is six. The Firm is not disclosing further quantitative details of the remuneration split between members of the management body, other senior management and other Identified Staff, noting the reference in IFR Article 51(d) to the Regulation (EU) 2016/679 of the European Parliament and of the Council i.e. GDPR.

4.9 PERFORMANCE MANAGEMENT SYSTEM

The Firm's fiscal and performance year runs from January to December. All employees must be assessed and participate in the PMS and have at least one performance review per year at the end of the performance year.

The PMS requires employees, managers and members of the management body to be managed by objectives, which must be set by the manager, be S.M.A.R.T. as detailed below and be captured in the Firm's PMS:

- **Specific;**
- **Measurable;**
- **Accountable;**
- **Realistic;** and
- **Timely.**

The PMS includes the following areas for evaluation:

- **Job Description** should be reviewed at least annually to ensure that the competencies, role responsibilities and the ethics and behaviour for the competent performance of the employee's role are comprehensively and accurately captured. The job description should be attached to the employee's evaluation(s) in the PMS and also be held by the HR department;
- **Personal Goals** must be set for all employees at the beginning of each performance period and must be reviewed regularly to ensure that they remain relevant and appropriate. Employees' goals should be aligned with those of the department in which they work and with the Firm's overall aims and objectives. New recruits' goals must be set within 30 days of commencement of employment.
- **Competencies** and skills, which capture the Firm's global competency model and against which all employees are assessed;
- **Training and Competence**
As per the training and competence scheme, training necessary for employees to be competent in their roles must be assigned, completed by employees and recorded in the PMS under the designated sections so that all aspects of performance can be monitored. Training includes but is not limited to:
 - **Mandatory Training** – counts towards the total number of hours of CPD each employee is required to complete annually under the training and competence scheme and includes:

- Induction training (new recruits only);
 - Mandatory compliance and regulatory training and any mandatory training assigned by the HR department e.g. AML, treating customers fairly and codes of conduct and workplace ethics. This also includes assessment for the maintenance of the suitability of members of the management body and key function holders; and
- **Continuing Professional Development** - any other structured and unstructured training must be completed by the employee during the performance year. Please refer to the training and competence scheme handbook for further information on the number of CPD hours which must be completed by all employees annually.

All employees' performance scores/ ratings in the PMS are collated by the HR department and are available to the Board on request to assist when considering salary reviews and bonuses. Employees with consistently low scores will be placed on a performance improvement plan and may be subject to action under the Firm's capability procedure.

5 OTHER INFORMATION

Further information on Stratos Europe's risk management framework, strategy and financial position is available in the annual report and financial statements for the year ending 31 December 2025.

The Firm meets the criteria set out in Article 32 (4) a) of the IFD regarding the size of its on and off-balance sheet assets, so it is not required to disclose its Investment Policy in accordance with Article 52 of the IFD, and has also elected not to.

Stratos Europe's General Business Terms and other information are available at the following corporate websites: <https://www.fxcm.com/eu> and <https://www.tradu.com/eu>.

In accordance with Article 53 of the IFR, from 26 December 2022, the Firm monitors the average size of on and off-balance sheet assets with a view to disclosing relevant information on environmental, social and governance risks, including physical risks and transition risks. As at 31 December 2025 it does not meet the threshold in Article 32 (4) of the IFD above which disclosure is required.

6 APPENDICES**6.1 APPENDIX 1**

Template of Own funds: main features of own instruments issued by the Firm:

		a
		Stratos Europe Limited
1	Issuer	N/A
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	private placement
3	Public or private placement	Laws of Cyprus
4	Governing law(s) of the instrument	Cyprus
5	Instrument type (types to be specified by each jurisdiction)	ordinary shares
6	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	EUR 6.6
7	Nominal amount of instrument	EUR 1
8	Issue price	EUR 1
9	Redemption price	N/A
10	Accounting classification	Share capital
11	Original date of issuance	30-Dec-19 **
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	<i>Coupons / dividends</i>	N/A
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
22	Existence of step up or other incentive to redeem	N/A
23	Noncumulative or cumulative	N/A
24	Convertible or non-convertible	N/A
25	If convertible, conversion trigger(s)	N/A
26	If convertible, fully or partially	N/A
27	If convertible, conversion rate	N/A
28	If convertible, mandatory or optional conversion	N/A
29	If convertible, specify instrument type convertible into	N/A
30	If convertible, specify issuer of instrument it converts into	N/A
31	Write-down features	N/A
32	If write-down, write-down trigger(s)	N/A
33	If write-down, full or partial	N/A
34	If write-down, permanent or temporary	N/A
35	If temporary write-down, description of write-up mechanism	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
38	Link to the full term and conditions of the instrument (signposting)	N/A
(1) Insert 'N/A' if the question is not applicable		

**Further shares have been issued and fully paid since 30 December 2019.