TOPFX

Disclosure and Market Discipline Report

Made in accordance with the Cyprus
Securities and Exchange Commission
Directives 2013/36/EU, DI144-2007-05, DI144-2014-14, DI144-2014-15
and Regulation 575/2013
As at 31 December 2014

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A. Introduction

Pillar III disclosure is a requirement of the European Union's Capital Requirements Regulation 575/2013 and Directive 2013/36/EU, as implemented by CySec Directives 144-2007-05, 144-2014-14 and 144-2014-15 (where applicable). Pillar III aims to encourage market discipline by developing a set of disclosure information, which gives access to market participants, regarding to the Company's capital adequacy and to each material category of risk it faces. Additionally, it aims to provide information regarding the risk assessment and the risk mitigation process which was followed by the Company during 2014.

Definitions:
TopFx Ltd: the "Company",
Cyprus Securities and Exchange Commission: "CySec"
Directive DI144-2007-05, DI144-2014-14 and DI144-2014-15 of the Cyprus Securities and Exchange Commission and Regulation 575/2013 and Directive 2013/36/EU of European Commission for the Prudential Supervision and Capital Requirements of Investment Firms: the "Directives".
Frequency: The Company will be making these disclosures annually.
Media and Location: The disclosure will be published on our website: http://www.topfx.com
Scope of report: The disclosures are in accordance to the audited financial statements of the Company for the year ended 31 December 2014.

B. Scope of Application

The Company TopFx Ltd was incorporated in Cyprus on 24.09.2010 as a limited liability company. TopFx Ltd is a licensed Cyprus Investment Firm regulated by the Cyprus Securities & Exchange Commission (CySec) with license number 138/11. The Company activated the license at 1 of March 2012. TopFx Ltd obtained an Investment Firm authorization from the Cyprus Securities and Exchange Commission (CySec) to offer:

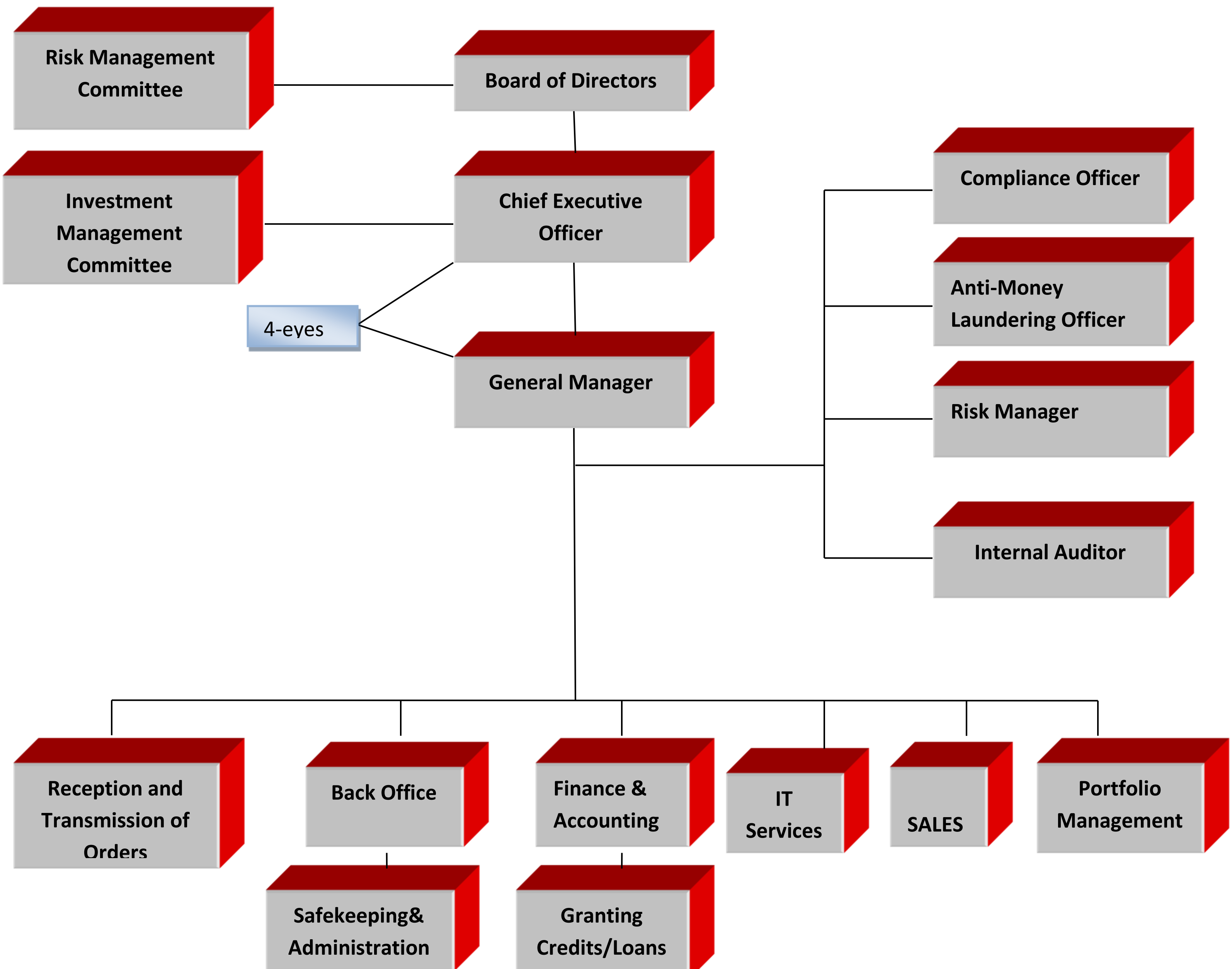
Investment Services:

1. Reception and transmission of orders in relation to one or more financial instruments
2. Execution of Orders on behalf of clients
3. Portofolio Management. (From 13/03/2014)

Ancillary Services of:

1) Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management
2) Granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction
3) Foreign exchange services where these are connected to the provision of investment services.

Diagram of Organizational Structure



C. Capital Base

TopFx Ltd calculates its regulatory own funds and capital adequacy ratio on a individual basis. The Company's Eligible Own Funds includes only Original Own Funds (Tier 1 Capital). Tier 1 capital is a core measure of a Company's financial strength from a regulator's point of view. It is composed of share capital, share premium and reserves (excluding revaluation reserves) including the profits and losses brought forward as a result of the application of the final profit or loss.

The table below presents the Company's capital base as at 31 December 2014:

	€
Share Capital	11,000
Share Premium	1,412,656
Advances from shareholders	30,000
Other transitional adjustments	(71,000)
Accumulated losses	(991,342)
Total Eligible Own Funds	**391,314**

D. Capital Requirements

The company under Article 95(2) is excluded from CRD IV definition therefore the capital requirements are based on Fixed Overheads, Credit & Market risk are measured using the Standardized approach.

The Company calculates the capital adequacy ratio on a quarterly basis and monitors its direction in order to ensure its compliance with externally imposed capital requirements.

The total Capital Requirements as at 31 December 2014 are shown in the table below:

Risk weighted exposures	€ amount in thousands
Credit, Counterparty Credit and Dilution Risks and Free Deliveries capital requirements	212
Settlement/Delivery Risk	0
Position, Foreign Exchange and Commodities Capital Requirements	0
Operational Risk Capital Requirements	
Additional Risk Exposure Amount due to Fixed overheads	1316
Total Risk Exposure amount	**1528**
Capital Adequacy Ratio	**25.59%**
Minimum Capital Adequacy ratio	**8%**

The Capital Adequacy ratio of the company is 25.59 % much higher than the minimum required 8% and is generally maintained at high levels as per Board of Directors policy. During the year 2014, the ratio never fell below of what is deemed minimum by CySec.

E. Risk Management

The Management recognizes that risk is embedded in all the Company's activities. Risk is about uncertainties – that may have either a positive (constructive) or negative (destruction) impact. A risk is an opportunity that will not be realized or a threat that an event or action will materialize. That missed opportunity or unmanaged threat in turn damages an organization's ability to deliver results for stakeholders and to achieve business objectives. The Company has designed its risk management framework to be proportionate to the scale, nature and complexity of its business, and is comprised of the following components:

1. Compliance
2. External Audit
3. Internal Audit
4. Internal Control
5. Risk Management Committees.

In the course of its operating activities, the Company has to face and tackle the following risks:

1. Credit risk
2. Liquidity risk
3. Market risk:
   a) Currency risk
   b) Interest rate risk
4. Operational risk
5. Compliance risk
6. Reputation Risk
7. Capital risk management

1. Credit Risk

The company adopts the Standardized approach for Credit risk. The Company has no significant concentration of credit risk. Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any debtors or financial institution.

The breakdown of credit risk requirements used for calculating the Capital Adequacy ratio as at 31 December 2014 is presented below:

Asset Class	Exposure amount (€ amount in thousands)
Public sector entities (100%)	83
Institutions (20%)	381
Other Assets (100%)	53
Risk weighted Assets:	
Total Risk weighted assets(RWA)	212

2. Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The company maintains sufficient liquidity to manage known and unanticipated funding needs.

Liquidity is managed in accordance with a framework of policies and controls such as:

- maintaining sufficient cash deposits and highly liquid assets
- performing monthly reconciliations of cash balances.

No maturity table disclosing the undiscounted cash flows of the underlying liabilities has been presented as all outstanding balances are due within 12 months and consequently their carrying amounts are representative of their contractual cash flows and the impact of discounting is not significant.

3. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

As per the CIF License and legislation of the Republic of Cyprus the Company doesn't affect dealing on its own account, thus the market risks are kept at minimum level. The Company adopted the Standardized approach for Market risk. The standardized measurement method for the capital requirement for position risk in equities adds together the long and short positions of equities according to predefined models to determine the capital requirement.

a) Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in a foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the company's measurement currency. The main sources of foreign exchange risk for the company are certain bank balances in foreign currencies.

b) Interest rate risk
Interest rate risk is the risk that the value of financial assets or liabilities may fluctuate as a result of changes in the market interest rate environment which might include changes in the overall level of interest rates, the volatility of interest rates and the interest rate spreads

4. Operational risk
Operational risk is the risk of loss arising from fraud, unauthorized activities, error, omission, inefficiency, systems failure or external events. It is inherent in every business organization and covers a wide range of issues.

The Company manages operational risk through a control-based environment in which processes are documented and transactions are reconciled and monitored. This is supported by a program of audits undertaken by the Internal Auditors of the company and by continuous monitoring of operational risk incidents to ensure that past failures are not repeated.

5. Compliance risk
Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with law and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Compliance Officer, as well as by the monitoring controls applied by the Company.

6. Reputation risk
The risk of loss of reputation arising from the negative publicity relating to The Company's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against The Company. The Company applies procedures to minimize this risk.

7. Capital risk management

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The company monitors capital on the basis of the gearing ratio. This ratio is calculated as debt divided by total capital.Net debt is calculated as total borrowings. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

F. Disclosure regarding the remuneration policy and practices of the company

The company is required to maintain a proper remuneration policy and practices which consistent with the provisions of the Directives. The company is in the process of developing a Remuneration Policy within the first half of 2015.

During the year 2014, the remuneration of staff consisted of a fixed component only with no variable element. The remuneration of each individual varies and depending from position, education, experience, performance, accountability and responsibility. In addition the company based on the profitability it may give bonus.

The company's information for the year is presented below:

a) **Aggregate quantitative information on remuneration, broken down by business area**

Business Area	Total remuneration in Euro
Reception & Transmission	218,319
Total	**218,319**

b) **Aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the investing firm, indicating the following:**

1) **The amounts of remuneration of the financial year, split into fixed and variable remuneration, and the number of beneficiaries:**

Senior Management & Non Executive Directors

Fixed Remuneration in **€**	Number of Beneficiaries	Variable Remuneration in **€**	Number of Beneficiaries
108,758	**5**	**-**	**-**