



Axia Ventures Group

**Pillar III Disclosures and Market Discipline for the
financial year ended 31st March 2023**

Disclosures in accordance with Part Six of Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014

July 2023



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1. INTRODUCTION

1.1 About Axia Ventures Group Ltd

AXIA Ventures Group Ltd (the “Group” or “Axia”) is an investment firm regulated by the Cyprus Securities and Exchange Commission (the “CySEC”) under license number 086/07 and which has a LEI Code of 213800FXT8YDQ67AE287. Axia was incorporated in Cyprus on 31st January 2008 as a limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 10 Giannou Kranidioti, Nice Day House, 6th floor, 1065, Nicosia, Cyprus.

The license permits the Group to operate as a Cyprus Investment Firm (“CIF”) and to provide investment and ancillary services with regards to specific financial instruments as these are defined in the Group’s operating license and stated below:

Investment Services and Activities:

- Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis;
- Placing of financial instruments without a firm commitment basis.

Note: The Group since the 6th of December 2022, has voluntarily ceased the investment service license of “Reception and Transmission of orders in relation to one or more financial instruments”

Ancillary Services:

- Safekeeping and administration of financial instruments, including custodianship and related services;
- Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings;
- Investment research and financial analysis or other forms;
- Services related to underwriting.

1.2 Group Information

The present disclosures document is prepared on a consolidated basis and reflects information that relates to the AXIA Ventures Group (hereinafter the “Group”), which for the purposes of this document comprises of the Group and Axia Capital Markets Holdings Inc. The obligation for Pillar III reporting on a consolidated basis arises from the fact that the Group was subject to consolidated supervision at the level of the Group, as at 31st of March 2023, based on the provisions of article 7 of the IFR, with CySEC being the consolidating supervisor.

The subsidiaries of the Group as at 31st of March 2023 and their country of registration are enlisted below:

Table 1: Group's entities

Subsidiary	Country of incorporation	Regulated / Non-Regulated	Principal activity	LEI
Axia Capital Markets Holdings, Inc	US	Non-Regulated entity	Holding Company	N/A
Axia Capital Markets, LLC	US	Regulated entity	Capital Acquisition Broker	N/A

Notes:

The Group operates through a branch in Greece and a representative office in Italy.

1.3 Regulatory Framework

Since 26 June 2021, the Group is subject to the capital adequacy and overall risk management requirements that arise from the investment firm European prudential framework. The framework consists of the EU Regulation 2019/2033 on the prudential requirements of investment firms ("Investment Firm Regulation" or "IFR") and the EU Directive 2019/2034 on the prudential supervision of investment firms ("Investment Firm Directive" or "IFD"). The latter has been harmonized into local legislation through the issuance of the Law for the Prudential Supervision of Investment Firms (165(I)/2021). The IFR and IFD rules focus on the specific methodologies that investment firms are required to apply for quantifying their exposure to risk and deriving their Capital Adequacy ratio, as well as to their required level of initial capital, their Internal Capital Adequacy and Risk Assessment ("ICARA") Process and the Liquidity Requirement, among others.

The IFR/IFD framework consists of three (3) Pillars that are used to regulate, supervise, and improve the risk management of firms in the financial services industry. The three (3) Pillars and their applicability to the Group, are summarised below:

- Pillar I - Minimum Capital Requirements - ensures that the Group maintain at all times a sufficient amount of capital above the minimum requirement in relation to certain key risks, as calculated using prescribed methods.
- Pillar II - ICARA and Supervisory Review and Evaluation Process ("SREP") - ensures that the Group and its supervisor, CySEC, actively assess, control and mitigate the various risks that the Group faces.
- Pillar III - Market Discipline - ensures the promotion of market discipline through the disclosure of the Group's regulatory requirements, risk management and risk governance policies and procedures, allowing market participants to view and compare meaningful information relating to the Group and its peers.

The Group, at the consolidated level is a Class 2 CIF and it is required to hold €750K as at 31st of March 2023 of initial capital, set in accordance with Article 14 of the IFR and Article 9 of the IFD. In addition, it is not considered as a "Significant CIF" as it does not satisfy the definition as per the provisions of the latest CySEC Circular C487.



Basis and Frequency of Disclosure

This document represents the disclosures of the Group with reference period 01 April 2022 - 31 March 2023 and reference date 31st March 2023, in accordance with the Pillar III requirements. These disclosures are made mainly to provide information on the risks faced by the Group and how these are dealt with, as well as the basis of calculating the Group's capital requirements.

The Group's policy is to publish the Pillar III disclosures on an annual basis on its website. The report can be found at: [AXIA Ventures \(axiavg.com\)](http://axiavg.com).

For all disclosures made, prior to being published, are reviewed and verified by the Board of Directors which has the ultimate responsibility of the Pillar III disclosures. These Pillar III disclosures are based on information as at 31st March 2023, Group's financial year end.

Scope of Application

The Group's management, in accordance with the provisions of Part Six of the IFR for the prudential supervision of investment firms, has an obligation to publish information relating to risks and risk management on an annual basis at a minimum.

The information provided in this report is based on policies and procedures followed by the Group to identify and manage risks for the year ended 31st March 2023.

It is noted that according to CySEC correspondence in August 2022, the Group shall prepare only a consolidated Pillar III report and that a Solo Pillar III report is not required when the difference between the consolidated and solo results is insignificant. The exemption is still valid, since as at 31st March 2023, the net effect between solo and consolidated reporting is still very small to affect the results being presented.

This information has been prepared for the purpose of explaining the basis on which the Group has determined and disclosed certain capital requirements and information about the management of risks relating to those requirements and for no other purpose. This document does not constitute any form of financial statement on the Group, nor does it constitute any current or future record or opinion of any business within the Group and must not be relied upon in making any judgement about the Group.

1.4 Russian Invasion of Ukraine

On 24 February 2022, Russia launched a military operation in Ukraine. Many governments are taking increasingly stringent measures against Russia and Belarus. These measures have already slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time. As at the reporting date the conflict continues to evolve as military activity proceeds and additional sanctions are imposed. From the beginning of the Russian invasion, the Management closely monitors the geopolitical situation in Eastern Europe which has no significant impact in the Group's operations and profitability.

The Management will continue to monitor the situation closely and will assess the need for any additional measures that might need to be taken. The Group has no cooperation with Russian or Ukrainian companies and for this reason, it is not directly affected by these events.



1.5 Basis of preparation of Financial Statements

The Group is not required by the Cyprus Companies Law, Cap.113, to prepare consolidated financial statements because the Group and its subsidiaries constitute a medium sized group as defined by the Law. However, the Group has decided that from the current year and going forward, consolidated financial statements will be issued at the level of Axia Ventures Groups.

For prudence reasons, the present Disclosures reflect information based on audited accounting figures that have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") and expressed in thousands of Euros ("EUR").

2. CORPORATE GOVERNANCE

2.1 Board of Directors (BoD)

The Board of Directors (BoD) is the supreme body of the Group and is responsible for its administration, management and representation. The Board of Directors establishes the strategy and adopts the policies that are applied for the smooth operation of the Group.

The Board of Directors is elected by the General Assembly. The members of the Board, depending on whether are in charge of representing the Group or not, are distinguished in executive and non-executive.

The duties of the Board of Directors as a collective body, include the following:

- Decision-making on the Group's strategic management issues within the framework of the Law and the Articles of Association and the Group's corporate purpose, apart from the issues that belong to the sole competence of the General Assembly in accordance with the Law and the Articles of Association.
- The adoption of the Group's internal rules of operation, its amendment and the introduction of special obligations to the members of the BoD, executives and employees of the Group.
- Any amendments to the Group's organization chart.
- Determining the responsibilities of its executive members.
- The appointment of Managing Directors, Internal Auditor, Compliance Officer, Risk Manager, Customer Asset Protection Officer (if relevant services are provided), Anti-Money Laundering Officer, Personal Data Protection Officer (if necessary), etc.
- The establishment of special committees such as investment committee, selection committee and staff evaluation committee and the determination of their function, if such committees are required or deemed appropriate.
- The adoption of instructions and circulars on the conduct of transactions and the specification of the procedures contained in the internal rules according to the Group's needs.
- Monitoring and enforcing compliance with the Internal Rulebook and other procedures by the Obligated Persons, as well as evaluating its implementation and the adequacy of its provisions, assisted by the Group's control bodies.

2.2 Board of Directors Recruitment Policy

The recruitment process of Board Members combines a suitability assessment of both technical capability and competency skills. Criteria shall include, among others:

- Good repute of the individual;
- Skills, knowledge and expertise on the industry the Group is operating;
- Ability to comprehend the Group activities;
- Ability to make decisions taking into account the Group policies, strategies and related risks.

All Group Board members are selected on a basis of well-known individuals of good repute, with a strong educational background and sufficient knowledge, skills and experience which empower the understanding of the Group's activities, including principal risks.

These characteristics are matched against the Group's framework, used to assess their applicability.

The Group must ensure that it devotes adequate human and financial resources to the induction and training of the members of the Board of Directors. The purpose of this training is to facilitate the new member's clear understanding of his or her role and the Group's structure, business model, risk profile and governance arrangements.

2.3 Number of Directorships held by members of the Board

As per the Investment Services and Activities and Regulated Markets Law 87(I)/2017 (the "Investment Services Law"), the number of directorships which may be held by a member of the board of directors at the same time, shall take into account individual circumstances and the nature, scale and complexity of the CIF's activities. Unless representing the Republic, members of the board of directors of a CIF that is significant in terms of its size, internal organisation and in terms of 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;
- b) four non-executive directorships.

Taking into consideration the fact that the Group on -and off- balance sheet assets is on average lower than EUR 100 million, the Group does not satisfy the definition of a "Significant CIF", as per the provisions of the latest CySEC Circular C487.

The below table indicates the number of directorships held by each member of the Group's Board of Directors in different entities, including the directorship held for the Group and its related entities that belong to the same group, as at the time of preparation of this Report. Directorships in organizations which do not pursue predominantly commercial objectives, such as non-profit-making or charitable organizations, are not taken into account for the purposes of the below. Executive or non-executive directorships held within the same group, are considered as a single directorship.

Table 2: Directorships of Board Members

Name of Directors ¹	Position in AXIA Ventures Group Ltd	Number of Executive Directorships	Number of Non-Executive Directorships
Antonios Achilleoudis	Executive Director	4	0
Dr. Christoforos Pissarides	Non-Executive Director	0	1
Dimitrios Athanasopoulos	Executive Director	1	0
Demetris Nicolaou	Non-Executive Director	0	2
Demos Vasou	Executive Director	1	0
George Linatsas	Executive Director	3	0
Notis Papageorgiou ³	Non-Executive Director	6	9
Miltos Kambourides ²	Non-Executive Director	1	12

Notes:

¹ The information presented in this table is based only on representations made by the directors of the Group at the time of the preparation of the report.

² Mr. Miltos Kambourides resigned on 19 January 2023 and to this end, the information presented above is as at March 2022.

³ On 28th March 2023, the Group has appointed Mr. Notis Papageorgiou as a Non-Executive Director.

2.4 Diversity Policy

The Group recognizes the benefits and necessity of an adequately diverse Board of Directors throughout the Group entities which includes and utilizes all the differences in certain characteristics and skills of the Directors. The Group aims to promote a balanced working environment where the educational and professional background, skills, experience, qualities, professionalism and other backgrounds, such as the temperament and perspective of the Directors, irrespective of gender, age, race, ethnicity and other discriminating criteria, enable each of them to contribute individually.

New appointments are made on merit, taking account of the specific skills and experience, independence and knowledge needed to ensure a rounded Board and the diversity benefits each candidate can bring to the overall Board composition.

2.5 Governance Committees

The Group, has formed governance committees to achieve a level of elaborate governance oversight to adequately monitor its operational effectiveness and its potential risks. With growth in scale and complexity, the Group will form additional governance committees.

It is noted that for 31st March 2023 the Group, due to its small size, did not set a Risk Management Committee. More information on risk governance can be found in part 3.1.

Additional levels of assurance for the Group, as the regulated CIF, are provided by control functions, which are independent of the business operations – namely Risk, Compliance, AML, Data Protection and Internal Audit. The control functions provide periodic reporting to the BoD and Executive Committees as appropriate.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group implements and maintains risk management policies and procedures within each Group entity which identify and manage the risks relating to its activities, processes and systems, and where appropriate, set the level of risk tolerated by the Group. The Group has adopted arrangements, processes and systems, in light of that level of risk tolerance, where applicable.

Group entities' risk management framework is based on the same risk architecture, strategy and principles which are then adapted to fit the applicable regulation, business model and surrounding risk. It is therefore ensured that all different types of risks assumed by the Group are in compliance with the applicable regulatory framework and the obligations of the Group under that framework, and that all the necessary procedures relating to risk management are in place. Risk within the Group is managed according to common principles and policies.

The control of the Group's activities and its smooth operation in general, is ensured by the following Units:

- Risk Management Unit
- Regulatory Compliance Unit;
- Internal Audit Unit (external partner).

3.1 Risk Management Unit

The function of Risk Management has the following objectives inter alia:

- a) the establishment and implementation of policies, procedures and arrangements to identify the risks associated with the Group's activities, processes and operating systems, as these risks are identified in accordance with CySEC mainly in relation to Counterparty Credit Risk, Market Risk and Operational Risk;
- b) monitoring the Group's policies, procedures and arrangements for Risk Management.

The risk management function is assigned to a Group executive (Risk Manager) appointed by the Board of Directors. This person should have sufficient experience in the capital market and be familiar with the risks associated with the Group's activities. The Board of Directors may also designate an Assistant to the Risk Manager, if deemed necessary, taking into account the size of the Group and the degree of complexity of its activities. During the reported period, there was no Risk Committee established within the Group.

The position of Risk Manager or assistant may be assigned to executives performing compliance, internal audit or other duties, provided that this does not jeopardize the independence and the proper exercise of the duties of those persons.

The Risk Manager shall have access to all data, records and information necessary for the performance of his duties. The Board of Directors is responsible for ensuring that access is granted either by granting the Risk Manager a specific password for electronic information storage systems, or whether unrestricted access to data is inconsistent with the purpose of risk management, by giving the competent bodies, at the request of the principal, mandate to provide specific data. In addition, the

Board of Directors shall ensure that the necessary resources are made available for the proper operation of the risk management function.

Risk Manager's responsibilities include:

- Submitting risk management reports to the Board of Directors. Where Assistants have been appointed, the Risk Manager is responsible for coordinating the work of his assistants.
- Formulating the procedures and policies necessary to effectively prevent and manage the risks present in his area of responsibility.
- Recommending to the Board of Directors the choice of risk assessment methods, in line with relevant regulatory provisions and, in general, risk management procedures and policies.
- Preparing and submitting to the Board of Directors the ICARA Report as well as the disclosures related to this process.

3.2 Regulatory Compliance Unit

The Regulatory Compliance Department is responsible for:

- a) monitoring on a regular basis and regular assessment of suitability and effectiveness of the measures, policies and procedures established by the Group for:
 - identifying risks of non-compliance with obligations under Law 87 (I)/2017 for the Investment Services and Activities and Regulated Markets and related risks
 - minimizing risks and facilitating the effective exercise of the relevant powers of the CySEC.
- b) advising and assisting the persons in charge of the provision and exercise of investment services and activities in order to comply with the Group's obligations,
- c) monitoring the work of the complaints handling procedure and deal with complaints as a source of relevant information within its overall monitoring roles.

The compliance function is assigned to a Group's executive (Compliance Officer) appointed by the Board of Directors. This person must have knowledge of the Group's activities and experience in the sector of the Capital Market. The Board of Directors may also designate an assistant Compliance Officer if it considers this to be necessary taking into account the size of the Group and the degree of complexity of its activities.

The position of Compliance Officer or Assistant may be assigned to officers that are in charge of the internal audit function or the risk management function or other duties within the Group, provided that this does not jeopardize the independent and appropriate exercise those persons' duties. In addition, and similarly to the Risk Manager, the Compliance Officer shall have access to all data, records and information necessary for the performance of his / her duties. The Board of Directors shall ensure that this access is granted and that the necessary resources are made available for the proper operation of the compliance function.

The Compliance Officer's responsibilities include:

- Submitting reports and regulatory compliance reports to the Board of Directors. Where assistants have been appointed, the Compliance Officer is responsible for coordinating the work of his assistants.
- Collecting legislative, regulatory and regulatory texts.
- Compliance monitoring, detecting and addressing deficiencies.
- Submitting recommendations to the Board of Directors to supplement, correct or review the Group's measures and procedures, to achieve a high level of regulatory compliance.
- Drafting, compiling and coding of internal Instructions

3.3 Internal Audit Unit

The purpose of the Internal Audit function is the examination and assessment of:

- a) the suitability and effectiveness of the systems that the Group uses in the context of its operation
- b) the adequacy and effectiveness of the mechanisms used for the internal control of the Group's activities
- c) the appropriateness and effectiveness of the arrangements established and implemented by the Group in the context of its operation

The Internal Audit function may be assigned to a Group executive (Internal Auditor) appointed by the Board of Directors. This person must have knowledge of the Group's activities and experience in the sector of the Capital Market. Alternatively, the Internal Audit function may be outsourced to a third-party provider. In this case, to ensure a minimum level of services, reliability and independence, the internal audit is assigned to a company of external auditors (other than the one assigned to the audit of financial statements) based in Cyprus or another EU Member State.

The Group has outsourced the Internal Audit function to a provider with many years of experience in the industry.

3.4 Risk Appetite Statement

The Board accepts that in its pursuit of its strategic and business goals, the Group will be exposed to risk. Some risks will be consciously taken in the pursuit of profit. Other risks will be an indirect consequence of profit-taking activities. Accordingly, it is important that the Group's overall risk-taking activities are undertaken within acceptable limits and tolerances so that the potential impact of such risks on the earnings, capital ratios and liquidity position of the Group can be managed.

It is accepted that the risk profile of the Group will vary and that at times the Group may be exposed to a higher level of risk, especially when market or environmental conditions are volatile.

The Group's risk appetite is directly linked to its business strategy, funding capacity, and capital and liquidity planning. The Group's "Risk Capacity" is the maximum level of risk that the Group can assume given its available financial resources, earnings profile and obligations to stakeholders.

The Group's Risk Capacity is a maximum measure, and it is not intended to be reached, therefore there is a designated buffer between the risk appetite and the Group's Risk Capacity.

The Board within each Group entity communicates the Risk Appetite throughout the group through a number of key Risk Appetite measures which define the level of risk acceptable across the below categories and is applied individually to the Group entities:

- **Financial: K-factor risks, business and liquidity;**
- **Reputational:** Regulatory, political and external reputational risk;
- **Operational:** The risk associated with the failure of key processes or systems as well as the risk of human error and natural disasters.

3.5 Stress Testing

Stress Testing is an important risk management tool used by the Risk Management function to test the Group's response in various scenarios. Stress tests are used for both internal as well as regulatory purposes and assist in developing the risk profile of the Group. Also, allows the BoD and the Senior Management to determine if the Group's exposure is within the accepted risk limits.

As part of the annual Internal Capital Adequacy and Risk Assessment (ICARA) Process, the Group's Management should perform adequate stress testing in order to assess the impact of risks being materialised and, according to their results, to apply, if needed, additional mitigating controls.

3.6 Internal Capital Adequacy and Risk Assessment ("ICARA") Process

The IFR/IFD framework includes the ICARA process, which is used to determine the additional Pillar II capital and liquidity requirements to cover the risks identified in this process.

The additional amount of capital and liquidity, if necessary, is determined internally by the Group through the performance of the ICARA, and upon CySEC's request, the ICARA is collected and undergoes the Supervisory Review and Evaluation Process ("SREP"). Following the SREP, the final Pillar II capital and liquidity deemed as necessary by the CySEC is communicated to the Group and considered as an additional requirement affecting the minimum required Capital Adequacy Ratio and Liquidity Requirement for the Group, respectively.

The Group's ICARA is forward-looking and includes capital and liquidity planning based on the financial projections of the Group's management, as well as stress testing by considering the effect of extreme yet plausible scenarios on profitability, capital, and liquidity. These in turn support the Group to make an informed decision as to whether there is a need for keeping aside additional capital and/or liquid assets, in order to more properly reflect the risks to which it is exposed, at the point of performing the exercise and in the future.

The Group's ICARA for the year ended on 31/03/2022 has been prepared, reviewed, and approved by the Board on 26th April 2023. The ICARA report for the financial year 31/03/2023 will be initiated and prepared within 2023.

4. MAIN RISKS

This section sets out the Group entities' objectives and policies to manage each key risk that arises from its activities and operations, as well as the strategies and processes it has put in place in order to manage and mitigate each such risk. The below are applicable only to the EU regulated entity of the Group.

4.1 Risk to Client ("RtC")

Risk to Client arises when an investment firm fails to properly provide services to its clients. The K-factors under RtC capture client Assets Under Management and ongoing advice (K-AUM), Client Money Held (K-CMH), Assets Safeguarded and Administered (K-ASA), and Client Orders Handled (K-COH).

- K-AUM (Assets Under Management) is the value of assets that an investment firm manages for its clients under both discretionary portfolio management and non-discretionary arrangements constituting investment advice of an ongoing nature.
- K-CMH (Client Money Held) is the amount of client money that an investment firm holds, taking into account the legal arrangements in relation to asset segregation and irrespective of the national accounting regime applicable to client money held by the investment firm.
- K-ASA (Assets Safeguarded and Administered) is the value of assets that an investment firm safeguards and administers for clients, irrespective of whether assets appear on the investment firm's own balance sheet or are in third-party accounts.
- K-COH (Clients Orders Handled) is the value of orders that an investment firm handles for clients, through the reception and transmission of client orders and through the execution of orders on behalf of clients.

As the Group did not provide this service during the reference period, it was not subject to any of the above-mentioned k-factor risks.

4.2 Risk to Market ("RtM")

Risk to Market captures the risk an investment firm can pose to market access. The K-factors that fall under the scope of RtM include Net Position Risk (K-NPR) or Clearing Margin Given (K-CMG) where permitted by the competent authority for specific types of investment firms which deal on own account through clearing members, based on the total margins required by an investment firm's clearing member.

- K-NPR (Net Position Risk) means the value of transactions recorded in the Trading Book of an investment firm, as well as transactions in the Banking Book which give rise to Foreign Exchange or Commodity Risk. This k-factor is based on the rules for Market Risk for positions in equities, interest rate financial instruments, foreign exchange and commodities in accordance with Regulation (EU) No. 575/2013 ("CRR"). Therefore, K-NPR captures the Market Risk, which is defined as the risk that changes in market prices will affect the Group's income or the value of its holding of financial instruments.
- K-CMG (Clearing Margin Given) means the amount of total margin required by a clearing member or qualifying central counterparty, where the execution and settlement of transactions of an

investment firm dealing on own account take place under the responsibility of a clearing member or qualifying central counterparty. K-CMG is an alternative to K-NPR to provide for market risk for trades that are subject to clearing as set out in Article 23 of IFR.

The Group's exposure to K-NPR was minimal as the majority of bank balances, as well as other assets and liabilities, are maintained in its reporting currency (Euro). However, K-CMG was not applicable to the Group since it did not provide the service of clearing, during the reference period.

Foreign Exchange and Interest Rate

- **Foreign Exchange Risk:** It is the risk that exists when a financial transaction is denominated in a currency other than Euro. The Risk Management Department monitors the exchange rate fluctuations on a continuous basis and acts accordingly. The Group's exposure to this risk is minimal as the majority of bank balances, as well as other assets and liabilities, are maintained in its reporting currency. As of 31st March 2023, the Currency Risk exposure of the Group related to some balance sheet items that were denominated in USD and GBP.
- **Position Risk (General Risk):** General risk arises due to a change in the level of interest rates (when traded debt instrument) or to a broad equity-market movement unrelated to any specific attributes of individual securities. The income and operating cash flows of the Group are affected by changes in market interest rates. The Risk Manager monitors the interest rate fluctuations on a continuous basis and acts accordingly.

4.3 Risk to Firm ("RtF")

Risk to Firm captures the risk an investment firm may be subject to through its activities and operations. The K-factors under RtF capture an investment firm's exposure to the default of its trading counterparties (K-TCD), the Concentration Risk resulting from an investment firm's Trading Book exposures to specific counterparties or groups of connected counterparties (K-CON), and Operational Risks from an investment firm's trading activities (both Banking Book and Trading Book - K-DTF).

- **K-TCD (Trading Counterparty Default)** means the exposures in the Trading Book of an investment firm in instruments and transactions referred to in Article 25 of the IFR, which give rise to the risk of a counterparty's default.
- **K-DTF (Daily Trading Flow)** is the daily value of transactions that an investment firm enters through dealing on own account or the execution of orders on behalf of clients in its own name, excluding the value of orders that an investment firm handles for clients through the reception and transmission of client orders and through the execution of orders on behalf of clients which are already taken into account in the scope of client orders handled.
- **K-CON (Concentration Risk)** captures large exposures in the Trading Book to counterparties and groups of connected counterparties, including issuers of Trading Book financial instruments.

As the Group did not provide any related service during the reference period, it was not subject to any of the above-mentioned k-factor risks.

4.4 Liquidity Risk

Liquidity Risk is defined as the risk that may arise from the below reasons:

Inability to meet obligations when they fall due/difficulty in obtaining funds to meet urgent commitments.

- Lack of liquid assets (cash deposits, bonds, etc.) resulting in inability to meet immediate liquidity needs within a short-term horizon.
- Changes in market conditions and inability to address them result in inability on behalf of the Group to liquidate assets and at a minimal loss in value.
- The risk that arises when the maturities of assets and liabilities do not match. When the maturities are unmatched, this potentially enhances efficiency but may also increase the risk of losses.

The Risk Management Department has implemented procedures to minimize related losses, such as:

- a) Maintaining sufficient cash and other assets with high liquidity, as well as an adequate amount of committed credit facilities.
- b) Preparing and reviewing regularly budgets and capital planning.
- c) Keeping a capital cushion and high liquid assets on a continuous basis in case of an unexpected liquidity stretch.
- d) The Management, along with the Finance Department, shall monitor the Group's financial status on a monthly basis. If conditions deteriorate, the Group will seek for extra funding through its overdraft account, and also ask for a capital injection from its shareholders.

Also, the Group follows the Liquidity requirement set by the new IFR/IFD framework. That is, the Group is required to maintain a basic Liquidity Requirement equal to at least one third of its Fixed Overhead Requirement. As of 31st March 2023 the Group satisfied the Liquidity Requirement.

4.5 Geopolitical Risk

Geopolitical Risk is the current or prospective risk to earnings and capital arising from changes in the business environment, including the effects of deterioration in economic conditions due to unfavourable political circumstances. Political Risk refers to external factors which are beyond the control of the Group or its related entities, such as sovereign developments and government actions taking place specifically in Cyprus, Greece, Italy and the EU in general, as well as in the US, which may adversely affect the operations of the Group and/or its Group, their strategy and/or their vision.

Political instability is something that is externally defined and beyond the control of the Group and its directors, no control can be exercised over politicians as well as things could take a wrong turn at any time without notice. However, in order to mitigate the possibility of the aforementioned risk, the Group has several controls in place with respect to negative economic and political conditions, more specifically with regards to Greek economy.

The Group's internal research department will continue to follow closely the economic and political conditions in Cyprus, Greece, and the broader region, as well as in the US. Political decisions that may be taken could have a dramatic effect on legislation, taxation, inflation and unemployment, factors

that are directly linked to the economic progress of a country or region and may cause chain reactions in several areas affecting the Group.

4.6 Credit Risk (sectoral, country concentration, cyclicity & economic risk)

Sectoral Risk

Sectoral Risk arises from the inability of certain groups of customers to meet commitments driven by common underlying sectoral factors.

Even though the Group's clients are active in different industry sectors, the Group is nevertheless exposed to the banking sector as a result of the client and own balances held with credit institutions. However, based on its regular assessments and its experience, in addition to the information available to it, the Group does not have any indication that its fees resulting from these projects will not be received in full.

Country Concentration Risk

For the referenced period, the Group was exposed to Country Concentration Risk as it held a significant amount of cash balances with Greek banks, although balances were also maintained with banks in other countries. Towards the end of the period, the Group achieved a higher degree of diversification between banks in Cyprus and in Greece.

To better monitor and control Country Concentration Risk, the three major shareholders (also the Group Managing Directors) of AXIA, receive full updates on AXIA's cash balances broken down by country and closely monitor Greek bank exposures on a monthly basis. Moreover, the Group's internal research department monitors the banking system in Greece and Cyprus very closely as evidenced by the various reports it prepares and issues.

Cyclicity & Economic Risk

This is a significant risk faced by the Group and it refers to the negative economic conditions, including underlying sectors influences and losses arising from downturn in economic cycle.

The Group has put in place enhanced due diligence processes to mitigate the risk as follows:

- a) The Group keeps deep knowledge of the market conditions and the economic situation performing regular monitoring and assessment of developments in the market as well as the local and global economy overall;
- b) It acts proactively and has several controls in place with respect to negative economic conditions, more specifically with regards to the Greek economy.

4.7 Other Risks

4.7.1 Regulatory Risk

Regulatory Risk is the risk that may arise if a change in regulations occurs, negatively affecting the business of the Group. Also, Regulatory Risk may arise when a company does not comply with the applicable regulatory requirements.

Regulatory Compliance Risk

Is the risk the Group and its group entities face by not complying with applicable Laws and Directives issued by the relevant competent authorities. The Group considers to be subject to compliance risk due to the nature of its business. This risk could arise as a result of breaches or non-compliance with agreements, approved practices, accounting or ethical standards.

Corporate Governance Risk

Is the risk of failing to comply with regulatory expectations regarding internal governance. If materialized, they may result in the imposition of penalties from the regulatory authorities which may further lead to loss of clients due to negative publicity.

Compliance with the applicable rules will continue to be assessed on a constant basis by the Compliance Officer, as well as by the Group's Internal Auditors, who evaluate and test the effectiveness of the Group's control framework annually.

The Group will continue to have policies in place and periodically enhance them so as to make sure that its corporate governance is structured in a way that ensures regulatory compliance and meets CySEC's expectations.

4.7.2 Reputational Risk

Reputation Risk is the risk of loss of reputation arising from the negative publicity relating to the Group's operations (whether true or false) which may result in a reduction to its clientele and/or revenue, and/or in legal cases against the Group. The Group is highly exposed to Reputational Risk as its operations are highly affected by investors' confidence.

The Group is very careful when it comes to reputational matters, to minimise the likelihood of penalties and fines and avoid losing customer confidence. To avoid the occurrence of this risk in any way, the Group has internal policies in place. These include but are not limited to, the establishment and adherence to confidentiality policies that bound employees from disclosing sensitive information.

4.7.3 Business Risk

Strategic Risk arises from underperformance of economic results, failure to increase or retain market share, and/or failure to meet business goals due to a lack of business direction, planning, or leadership.

Competitive Risk results in loss of business due to competition from other investment firms and an inability to anticipate changes in the external environment.

The Group's Management has implemented effective controls and procedures that significantly mitigate the two sub-categories of Business Risk.

4.7.4 Operational Risk (Security and Legal Risk)

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events. **Security Risk** arises from unauthorized access to information and system security misfunctions due to compromised passwords, unauthorized programs running on the system, or external attacks by hackers.

The Group 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 Group and by continuous monitoring of Operational Risk incidents, ensuring that past failures are not repeated.

Legal Risk reflects the risk of legal action being taken against the Group as a result of public liability or violation of laws, regulations, agreements or other documents of a similar nature. The Group manages legal risk by having in place documented policies and procedures to ensure compliance with legal requirements, while compliance with these rules is assessed regularly by the Compliance Officer and annually by the Internal Auditors. Furthermore, all client relationships are dealt with on a personal basis and all customer complaints are solved immediately and with personal contact with the client.

4.7.5 Credit Risk (Counterparty Concentration Risk)

The Group is exposed to Counterparty Concentration Risk primarily due to the following:

- Cash balances held mainly with banks in Greece, Cyprus, Italy and Portugal as at 31 March 2023.
- Success fees that arise from a small number of counterparties.

The Group mitigates this risk by closely monitoring important clients on which a great portion of its income depends. In addition, the Group will continue diversifying its exposure to its main banker (Eurobank Group), while at the same time monitoring the performance, credit rating and overall financial position of all counterparties on an ongoing basis, making sure that client and own funds are only held with third parties of high credit standing and good reputation, as indicated by its internal policy. The risk rating remains "Medium" for the specific risk after consideration of existing controls.

5. MINIMUM CAPITAL REQUIREMENTS

The IFR & IFD framework for Class 2 investment firms, dictates the approach for calculating the Minimum Capital Requirements. In particular, the requirement is calculated by taking the highest of the Fixed Overhead Requirement ("FOR"), the Permanent Minimum Capital Requirement ("PMCR") and the K-factors that apply to each investment firm.

5.1 "K-factor" Capital Requirements

The Group calculates its overall "K-factor" capital requirement on a continuous basis which is the sum of "K-factor requirements" grouped in three categories: Risk-to-Client (RtC), Risk-to-Market (RtM), Risk-to-Firm (RtF), in accordance with Articles 16 through to 33 of the IFR (and as described in further detail in Section 4).

The Group's Minimum Capital Requirements as at 31st March 2023, were the following:

Table 3: Minimum Capital Requirements

Minimum Capital Requirements		31 st March 2023
		(€'000)
K-Factor Requirement		
Risk-to-Client (RtC)	K-AUM	-
	K-CMH	-
	K-ASA	-
	K-COH	-
Risk-to-Market (RtM)	K-NPR	75
	K-CMG	-
Risk-to-Firm (RtF)	K-TCD	-
	K-DTF	-
	K-CON	-
Total K-Factor Requirement		75
Fixed Overhead Requirement ('FOR')		1.698
Permanent Minimum Capital Requirement ('PMCR')		1.500

5.2 Fixed Overhead Requirement

The Group reports its Fixed Overhead requirements to the BoD and the relevant regulatory authorities on a quarterly basis. The Group calculates FOR by taking the one quarter of the fixed overhead expenses of the preceding year in accordance with the provisions of Article 13 of the IFR. The Fixed Overheads Requirement as of 31st March 2023 amounted to €1.698K.

5.3 Permanent Minimum Capital Requirement (PMCR)

In accordance with Article 14 of the IFR, the PMCR of the Group as of 31st March 2023 was equal to €1.500K which is above the levels of initial capital required for authorisation to conduct the relevant investment services set of the Group.

5.4 Capital Excess Ratio

Table 4 below indicates that the Group has excess capital above the minimum which is required to hold. This is reflected by a Capital Adequacy Ratio of 479,80%, which is above the minimum threshold of 100% set out in Article 9(1)(c) of IFR.

Table 4: Capital Excess Ratio

(EUR)	31 st March 2023 (€'000)	Reference
Capital		
Common Equity Tier 1	8.147	a
Additional Tier 1	-	b
Tier 2	-	c
Total Own Funds	8.147	d = (a + b + c)
Own Funds Requirement		
K-factor Requirement	75	e
Fixed Overhead Requirement	1.698	f
Permanent Minimum Capital Requirement	1.500	g
Minimum Own Funds Requirement	1.698	h = max(e, f, g)
Capital Ratios		
CET1 Ratio	479,80%	a / h
Surplus(+) of CET 1 Capital	7.196	a - (h * 56%)
Tier 1 Ratio	479,80%	(a + b) / h
Surplus(+) of Tier 1 Capital	6.874	(a + b) - (h * 75%)
Own Funds Ratio	479,80%	d / h
Surplus(+) of Total capital	6.449	d - h

6. OWN FUNDS

The prudential framework, IFR/IFD, has been developed to address the specific vulnerabilities and risks inherent to investment firms by means of proportionate and appropriate prudential arrangements and as such, aim to reflect the risks faced and posed by most investment firms.

With respect of Own Funds, investment firms are required to maintain Own Funds consisting of the sum of their Common Equity Tier 1 capital, Additional Tier 1 and Tier 2 capital, and shall at all times meet all of the following conditions:

- Common Equity Tier 1 Capital of at least 56% of Own Funds Requirements.
- Common Equity Tier 1 Capital and Additional Tier 1 Capital of at least 75% of Own Funds Requirements.
- Common Equity Tier 1 Capital, Additional Tier 1 Capital and Tier 2 Capital of at least 100% of Own Funds Requirements.

The Group's consolidated capital adequacy calculation and minimum ratios are submitted to CySEC (through the submission of the relevant Common Reporting Template, otherwise known as CoRep) on a quarterly basis.

Table 5 below presents the composition of the Group's Own Funds as at 31st of March 2023, while Table 6 additionally indicates the Own Funds based on the Group's Financial Statement as of the same date and they have been prepared using the format set out in the Commission Implementing Regulation (EU) 2021/2284 laying down implementing technical standards for the application of Regulation (EU) 2019/2033 with regard to supervisory reporting and disclosures of investment firms.

As at 31st of March 2023, the Group's Own Funds fully comprised of Common Equity Tier 1 capital, and as shown below amounted to €8.147K.

Table 5: Template EU IF CC1.01 - Composition of regulatory own funds

Template EU IF CC1			
Ref .	Common Equity Tier 1 (CET1) capital: instruments and reserves	31 st March 2023 (€'000)	Source based on reference numbers of the Balance Sheet in the audited Financial Statements (Template EU IF CC2)
1	OWN FUNDS	8.147	
2	TIER 1 CAPITAL	8.147	
3	COMMON EQUITY TIER 1 CAPITAL	8.147	
4	Fully paid up capital instruments	1.083	Ref 1 (Shareholders' Equity)
5	Share premium	5.763	Ref 2 (Shareholders' Equity)
6	Retained earnings (net of foreseeable dividends) *	1.530	Ref 4 (Shareholders' Equity)
8	Other Reserves	(169)	Ref 3 (Shareholders' Equity)
10	Adjustments to CET1 due to prudential filters	(0)	Ref. 2 (Assets)
19	(-) Other intangible assets	(1)	Ref. 1 (Assets)
27	CET1: Other capital elements, deductions and adjustments	(59)	Ref. 3 (Assets)
28	ADDITIONAL TIER 1 CAPITAL	-	
40	TIER 2 CAPITAL	-	

* The amount of retained earnings considered in the Group's Own Funds calculation for 31 March 2023, includes the deduction of foreseeable dividends. This deduction is in line with the relevant provisions of IFR.

Table 6: Template EU IFCC2: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

Template EU IF CC2			
As at 31 st March 2023 (€'000)		Under regulatory scope of consolidation	Cross reference to EU IF CC1
Ref.	<i>Assets - Breakdown by asset classes according to the balance sheet in the published/audited financial statements</i>		
1	Intangible assets	1	Ref. 19
2	Financial assets at fair value through profit or loss	15	Ref. 10
3	Deposits to the Investors Compensation Fund (I.C.F.)	59	Ref. 27
4	Other Current and Non-Current Assets	16.988	
	Total Assets	17.063	
Ref.	<i>Liabilities - Breakdown by liability classes according to the balance sheet in the published/audited financial statements</i>		
1	Total Liabilities	4.424	
	Total Liabilities	4.424	
Ref.	Shareholders' Equity		
1	Share Capital	1.083	Ref. 4
2	Share Premium	5.763	Ref. 5
3	Other Reserves	(169)	Ref. 8
4	Retained Earnings	5.962	Ref. 6
	Total Shareholders' Equity	12.639	

More information about the main features of the Own Funds of the Group, can be found in Appendix I.

7. REMUNERATION POLICY

The Group designs and applies a set of remuneration policies and practices within each entity of the Group in order to comply with the requirements of the European and national legislation. The Remuneration Policy is designed in such a way so as to contribute to the achievement of the strategic goals and the mission of the Group and ensure its productivity and long-term interests. At the same time, the Remuneration Policy aims at promoting appropriate and efficient risk management while ensuring the avoidance of excessive risk-taking and the creation of conflicts of interest. The Board of Directors of each separate entity within the Group is responsible for the design and application of the Remuneration Policy. No Remuneration Committee has been established in the Group until 31st March 2023.

The Remuneration Policy applicable, contains both fixed and variable parts for the entirety of the Group's employees covering all levels of its organizational structure and, specifically, the employees whose professional activities have a material impact on the Group's risk profile (such as the top management) taking into consideration the qualitative and quantitative criteria of the Regulation (EU) 2021/2154.

In all cases, while determining the variable remuneration, the following, among others, are taken into account; a multiannual framework for the performance assessment, the time period over which the variable remuneration is spread over based on the underlying business activity cycle of the Group and its business risks, as well as the current and future risks relating to the underlying performances by placing emphasis on the cost of capital and the required liquidity and by ensuring that the ability of the Group to strengthen its capital base is not limited. Furthermore, such variable remuneration shall be provided only if it is sustainable based on the financial situation of the Group as a whole and justified on the basis of the performance of the Group, the concerned business department and the specific employee. Moreover, the Group establishes internal arrangements regarding a potential deferral or return of the variable remuneration, as well as appropriate mechanisms in order for the remuneration practices in general to be adjusted to potential changes affecting the Group and to ensure the avoidance of potential conflicts of interests.

Table 7: Aggregate information on remuneration, broken down by senior management and other members of staff whose actions have a material impact on the risk profile of the Group

31 st March 2023				
Position/Role	No. of Beneficiaries	Fixed Remuneration (€' 000)	Variable Remuneration (€' 000)	Aggregate Remuneration (€' 000)
Senior Management (incl. Executive & Non-Executive Directors)	8	1.059	115	1.174
Other Staff	4	251	50	301
Total	12	1.310	165	1.475

Notes:

1. The "Senior Management includes the Executive and Non-Executive Directors as well as the head of the Investment Banking Department.
2. The "Other staff" category includes the head of Equity Research, IT Support, the Group Compliance and AML officer as well as the Financial Controller and Risk Manager.

The above table shows the aggregate remuneration of the personnel whose professional activities have a material impact on the risk profile of the Group. As decided by the Board of Directors, during the year under review the Group did not offer any entitlements to shares and/or options as a form of variable remuneration. All the variable remuneration paid within the reference period was in the form of cash.

During the financial year ended on 31st March 2023, the Group did not pay or award any deferred remuneration or severance payment, neither for the financial year nor from previous years.

The Group does not benefit from any derogation as laid down in Article 32(4) of the IFD.

7.1 Performance Appraisal

The Group shall ensure that where remuneration is linked with performance, the total amount of remuneration is based on a combination of the assessment of the performance of:

- The individual (quantitative as well as qualitative criteria are taken into account, including annual performance evaluation and performance ratings);
- The business unit concerned; and
- The overall results of the Group.

Examples of qualitative criteria include compliance with regulatory requirements (especially conduct of business rules) and internal procedures, fair treatment of clients and client satisfaction.

The Group implements a performance appraisal program, mainly to foster talent and promote healthy competition amongst personnel, which is based on a set of group-wide Key Performance Indicators ("KPIs") and Targets.

In general, performance appraisal is performed in a multi-year framework in order to ensure that the appraisal process is based on longer-term performance and that in the future (i.e. when applicable), the actual payment of performance-based components of remuneration will be spread over a period which will take into account the Group entities' underlying business cycle and risks.

Additionally, performance appraisal on the medium and short-term is performed as follows:

- Objectives are set in the beginning of each year (depending on the department appraisal process) defining what the Group entity's functions, departments and individuals are expected to achieve during the year and semi-annually;
- Performance checks and feedbacks: Managers provide support and feedback to the concerned staff annually and semi-annually, during formal or informal performance reviews; the aim is to assist the staff to develop their skills and competencies;
- The performance review takes place annually and, among others, determines the level of the annual bonus to be awarded to the Group entity's staff members (if the decision of Senior Management is to proceed with annual bonus awards).

Appendix I – Main Features of Own Funds

The main features, including full terms and conditions, of the ordinary shares of the Group are listed in the table below:

Table 8: Template EU IF CCA: Own funds: main features of own instruments issued by the firm

Template EU IF CCA		Common Equity Tier 1 Capital
1	Issuer	Axia Ventures Group Ltd
2	Unique identifier (Legal Entity Identifier)	N/A
3	Public or private placement	Private
4	Governing law(s) of the instrument	Cyprus Law
5	Instrument type (types to be specified by each jurisdiction)	Ordinary shares - Class B shares
6	Amount recognised in regulatory capital (including share premium)	€6.846.243
7	Nominal amount of instrument	€1.083.289
8	Issue price	€ 0,01
9	Redemption price	N/A
10	Accounting classification	Shareholder's equity
11	Original date of issuance	1. 31/01/2008 (5.000 ordinary shares then divided into 500.000 ordinary shares) 2. 02/06/2008 (765.000 ordinary shares) 3. 30/06/2008 (3.735.000 ordinary shares) 4. 20/07/2009 (500.000 ordinary shares) 5. 30/06/2010 (275.000 ordinary shares) 6. 21/09/2010 (94.225.000 ordinary shares) 7. 04/07/2011 (454.545 ordinary shares) 8. 21/09/2011 (5.022.727 ordinary shares) 9. 14/01/2014 (2.751.581 ordinary shares) 10. 27/04/2015 (100.000 class B shares)
12	Perpetual or dated	Perpetual
13	Original maturity date	No Maturity
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>		
17	Fixed or floating dividend/coupon	Floating
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

Template EU IF CCA		Common Equity Tier 1 Capital
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	Non-convertible
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	No
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	No
37	If yes, specify non-compliant features	N/A
38	Link to the full term and conditions of the instrument (signposting)	N/A