

EMKAP UK LTD**MIFIDPRU 8 DISCLOSURES REPORT
FOR THE YEAR END 2025**

EMKAP UK LTD.

9-10 Domingo Street, London,
United Kingdom EC1Y 0TA
FCA License Number: 720609

 +44 203 865 0398

 info@emkap.co.uk

 www.emkap.com

CONTENTS

1. Introduction.....	4
1.1. Business Overview.....	4
1.2. Business Model.....	4
1.3. Business Activities.....	5
1.3.1. Proprietary Trading.....	5
1.3.2. Prime Brokerage.....	6
1.3.3. Fixed Income Trading.....	6
1.3.4. Equity Trading.....	6
1.3.5. Custody & Clearing.....	6
1.3.6. Investment Advice.....	7
1.3.7. Dealing Services.....	7
1.4. Classification.....	10
1.5. Scope of Application.....	11
1.6. Regulatory Framework.....	12
1.7. Declaration of the Board.....	12
2. Risk Management Objectives and Policies (MIFIDPRU 8.2.).....	12
2.1. Risk Management Framework.....	13
2.2. Risk Statement.....	14
2.3. Risk Culture.....	16
2.4. Material Risks.....	16
2.5. Operational Risk.....	16
2.6. Concentration Risk.....	17
2.7. Liquidity Risk.....	17
2.8. Business Risk.....	17
2.9. Legal & Compliance Risk.....	17
2.10. Reputational Risk.....	19
3. Governance Arrangements (MIFIDPRU 8.3).....	19
3.1. Organisational Structure.....	19
3.2. Board of Directors.....	19

3.3.	Committees.....	20
3.4.	Policy on Recruitment	21
3.5.	Number of Directorships	21
3.6.	Policy on Diversity.....	22
3.6.1.	Board Diversity Principles	23
3.6.2.	Process.....	23
4.	Own Funds (MIFIDPRU 8.4)	24
4.1.	Composition of Regulatory Own Funds.....	24
4.2.	Main Features of Capital Instruments.....	26
4.3.	Balance Sheet Reconciliation.....	26
5.	Own Funds Requirements (MIFIDPRU 8.5.).....	28
5.1.	Permanent Minimum Capital Requirement.....	28
5.2.	Fixed Overheads Requirement	29
5.3.	K-Factors Requirement.....	29
5.3.1.	Risk to Client.....	30
5.3.2.	Risk to Market	32
5.3.3.	Risk to Firm	34
5.4.	K-Factors Requirement Results.....	36
5.5.	Overall Capital Adequacy Position.....	37
5.6.	Liquidity Requirements (MIFIDPRU 6).....	39
5.7.	Internal Capital Adequacy and Risk Assessment Process.....	40
6.	Remuneration policy and practices (MIFIDPRU 8.6)	43
6.1.	Principles.....	43
6.2.	Remuneration Policy Principles.....	44
6.3.	Performance Based Measurements.....	47
6.4.	Basic and Variable Remuneration Components.....	48
6.5.	Guidelines for termination.....	51
6.6.	Clawback.....	51
6.7.	Remuneration of Material Risk Takers	52
7.	Investment Policy (MIFIDPRU 8.7)	53

1. INTRODUCTION

As a MIFIDPRU Investment Firm, EMKAP UK LTD (the 'Firm' or 'EMKAP UK UK') is obliged to publicly disclose qualitative and quantitative information that are appropriate to its size and internal organisation, and to the nature, scope and complexity of its activities.

The provisions for public disclosure are set out in MIFIDPRU 8, and this document has been produced in order to meet the disclosure obligations of EMKAP UK. The disclosures are produced annually and are available on the Firm's website: <https://emkap.com/emkap-uk/>.

1.1. Business Overview

The Firm was incorporated in the United Kingdom as a private liability company with registration number 09779913 and it is authorised by the Financial Conduct Authority ('FCA') with licence number 720609 to offer the following regulated activities:

- Advising on investments (except on Pension Transfers and Pension opt Outs)
- Arranging (bringing about) deals in investments
- Dealing in investments as agent
- Dealing in investments as principal
- Making arrangements with a view to transactions in investments
- Safeguarding and administration of assets (without arranging)
- Agreeing to carry on a regulated activity

Further to the above, the Firm is allowed to offer the above services for the following instruments for professional clients and eligible counterparties:

- Debenture
- Government and public security
- Rights to or interests in investments (Security)
- Share

1.2. Business Model

The Firm specialises in fixed income brokerage of securities within the global fixed income marketplace. Although the Firm is not restricted to high yield and emerging markets bonds, it prides itself on its niche in this sphere. Relationships with large buy side funds that span from the western capital markets to the emerging

markets are a testament to this specific market expertise. The Firm's other institutional relationships utilise its efficient platform for treasury book rebalancing, capital preservation strategies and allocation requests for the primary market amongst other service offerings.

With utter commitment to the highest professionalism, client's best interests and profitability, EMKAP UK's business activities experienced solid and steady growth in 2025. The firm's range of clients increased across various geographical regions. In addition to its EU, CEE and CIS region focus, the firm continued to expand its products offerings into Sub Saharan Africa and Latin America. To date, EMKAP UK fully covers global Emerging and Frontier Markets – working with diverse institutional clients across the globe. EMKAP UK has recently obtained direct SWIFT membership and a Euroclear account, anticipating further growth in its Custodial Service offerings.

The immediate future plan of EMKAP UK is to continue building a strong and well diversified business model to meet the varied cumulative demand in the industry. The Firm will seek opportunistic entry points for proprietary investments in sectors poised to benefit from evolving political and economic developments. At the same time, it will continue to expand its client base and counterparty network for its matched principal trading business, ensuring sustained growth.

By being an IFPRU 730K firm, EMKAP UK is able to offer prime brokerage services, custody and clearing services to its clients and perform proprietary trades to its professional and eligible counterparty client base. The Firm continues to maintain and develop its service offering through established operational, risk management and compliance frameworks, supporting its strategic objectives and long-term growth.

The Firm has continued to strengthen its organisational structure through the recruitment and development of experienced personnel across key business, operational and control functions. This ensures that EMKAP UK maintains sufficient resources, expertise and oversight to meet its regulatory obligations, support its business activities and deliver services effectively to clients.

1.3. Business Activities

EMKAP UK Ltd is authorised to provide the following investment services and activities:

1.3.1. Proprietary Trading

EMKAP UK undertakes proprietary trading activities as part of its authorised investment services. The Firm primarily invests in fixed income securities, with a particular focus on emerging market sovereign and corporate debt, whilst maintaining the flexibility to participate in other asset classes where appropriate.

The Firm's proprietary trading strategy encompasses participation in both primary and secondary markets. In the primary market, the Firm may invest in new issues where it identifies attractive relative value opportunities. In the secondary market, investment decisions are based on fundamental analysis, market conditions and risk-adjusted return expectations.

Proprietary positions may be held for short-term trading opportunities or longer-term investment purposes, depending on prevailing market conditions and the Firm's investment objectives. These activities support the efficient deployment of the Firm's capital, contribute to revenue generation and complement the Firm's broader expertise in fixed income markets.

The proprietary portfolio is managed within established risk management parameters and remains proportionate to the Firm's capital resources and overall business strategy.

1.3.2. Prime Brokerage

EMKAP UK facilitates financing transactions under repurchase agreements (REPOs) arrangements for clients by acting as an intermediary between collaborating banks and clients requesting such services.

1.3.3. Fixed Income Trading

Fixed income trading represents a core area of the Firm's business. EMKAP UK offers these services to professional clients who have the necessary technical and professional experience in an array of instruments for which they wish to engage the Firm's services. Such clients benefit from the Firm's established relationships with market makers, interdealer brokers, financial institutions and asset managers, enabling access to liquidity, competitive pricing and regional market expertise.

1.3.4. Equity Trading

EMKAP UK provides execution services in listed equities through both electronic and voice-assisted channels. The Firm facilitates access to a broad range of international markets through established broker relationships and execution platforms, including Direct Market Access (DMA) where available. The Firm also supports OTC and block trading transactions, particularly in less liquid securities and emerging markets, where specialist market access and execution expertise may be required.

1.3.5. Custody & Clearing

EMKAP UK provides custody, clearing and settlement services through arrangements with third-party custodians and settlement agents.

Within the scope of these services, the Firm facilitates the settlement of securities transactions by transmitting clients' RVP, DVP and FOP settlement instructions to the

relevant counterparties and custodians. The Firm also provides safekeeping services for client assets through established custodial relationships and recognised market infrastructure.

These services are primarily offered to institutional clients classified as professional clients or eligible counterparties and provide access to custody and settlement arrangements that may not otherwise be available on a cost-effective basis.

1.3.6. Investment Advice

Investment Advice service entails the provision of advisory services to a client, either upon request or upon the initiative of the Firm, in relation to one or more transactions concerning financial instruments investments opportunities presents mainly in the Eurobonds market and EM fixed income. This service is offered to institutional clients only.

The provision of investment advice is subject to an explicit written agreement concluded between the Firm and the client, which shall be signed. No transactions are carried out without the client's approval. Whereby the client makes the decision to make the investment by virtue of that EMKAP UK shall execute the trade. The Firm generate revenues by charging a fee for execution or making a margin on the buy or sell leg of the trade.

1.3.7. Dealing Services

The Firm engages in deals with respective eligible counterparties and professional clients as per its permission to conduct investment activity as a full scope IFPRU investment firm. This enables the Firm to offer a variety of Services and generate income from different streams for the business. This is through fees charged on the assets under management for custody services, charging ticketing fees per transaction or instruction for clearing services and generates further income by making their own investments unto the EMKAP UK books.

EMKAP UK's focus is on plain vanilla bonds and stocks. The company provides access to the marketplace in its chosen specialist areas for eligible counterparties and professional clients.

Proprietary trading

- Primary markets – EMKAP UK participates in opportune IPO and new issue placements by having a diversified risk appetite both by issuer type and geographical location. The main idea behind the new issues strategy which is followed by the Firm is to subscribe to the new issues that can be presumed to be “undervalued” in the primary market and then sell them at the higher price in the secondary market after the issue and pricing is through. EMKAP UK also keep positions on its books for longer term to capitalise on the performance of the different issues.

- Secondary markets – EMKAP UK is looking for the one-two years investments into sovereign or corporate debt securities of emerging market countries denominated in hard currency. Fundamental analysis is performed to identify sound companies that have become opportunistically priced. Part of the investment strategy is to hold the bonds until maturity unless the situation with the issuer changes.

Securities margin financing services (REPO)

When a request is received from a client to provide a repo for a particular financial instrument this is in turn forwarded to collaborating banks which EMKAP UK has Global Master Repurchase Agreements (“GMRA”) with to check which bank has limits for that particular instrument. The Banks which EMKAP UK transacts with for the purpose of REPOs, are those with all the necessary licenses to conduct REPO activities and whose risk systems are properly audited to abide by the regulations of their supervisory authorities.

The Firm will have a dedicated person checking the risk systems of the Banks to account for changes in margin requirements. In turn, the Firm have in-house alerts that alert the team in the instance of market swings in the positions the Firm has repo transactions on.

Brokerage - Equity Trading

Provision of Direct Market Access (DMA) – the Firm provides its clients with direct access to various regulated markets via its established collaborating brokers. EMKAP UK facilitates clients’ orders on numerous global exchanges, including exotic markets, whereby its settlements team can manage any intricacies related to the settlement of securities in domestic markets. EMKAP UK supports Bloomberg EMSX, which is a highly customizable trading platform that allows for seamless order routing and tracking. Besides this, the Firm can offer quick platform for clients, who do not have access to Bloomberg or find a separate platform more convenient.

Voice execution – in the instances where DMA is not available, the execution department offers an execution via passing the order to the regulated market of choice manually through established collaborating brokers.

Block trades – where liquidity of the securities of interest is very low, or where the client is looking for the substantial amount of one type of share, the Firm offers execution of equity blocks OTC using an access to the local execution venues and buy-side clients locally of the market of interest.

Fixed Income (OTC execution).

EMKAP UK offers execution of hard currency bond trades but not excluding bonds settled on domestic markets. Professional clients, which include smaller banks, investment firms or other investors falling under this category may benefit from the global and local networks of buy and sell side counterparties established by the Firm. Due to the established relationships, the Firm is able to provide competitive prices, better liquidity, regional expertise and access to exotic markets.

Custody and clearing services

The Firm performs clearing and settlement transactions through collaborations it forms with third-party custodians. Such custody services will also be available for institutional brokerage clients that approach the Firm merely for custody services, mainly as they wish to capitalize on such a custody platform that is otherwise not available to smaller clients;

- The Firm is able to offer affordable custodial services with a combination of brokerage services without the high monthly fixed minimum fees levied by the bigger houses.
- If trading is performed in-house instead of trading away the price of settlement of securities is expected to be halved as the delivery/ receipt of the trade is kept in-house.
- EMKAP UK provides a Back-to-Back Settlement (B2B) - settlement of trades through Clearing Accounts without funding the account.
- EMKAP UK offers safekeeping of clients' assets with globally renowned custodians.

Clients' Assets

EMKAP UK is authorised to hold Client assets. Client assets are held through approved banking institutions and custodians, with the Firm maintaining appropriate arrangements to safeguard client assets in accordance with applicable regulatory requirements.

The Firm applies due skill, care and diligence in the selection, appointment and ongoing oversight of third-party custodians and banking institutions. Client money and custody assets are segregated from the Firm's own assets, with regular reconciliations and record-keeping procedures undertaken to ensure accuracy and protection of client holdings.

EMKAP UK maintains policies, procedures and controls designed to ensure client assets are appropriately safeguarded and administered in accordance with FCA CASS requirements:

- Keep its clients' funds segregated from other funds held by maintaining separate bank accounts denoted as 'clients' accounts.
- Keep such records and accounts as are necessary to enable EMKAP UK at any time and without delay to distinguish assets held for one client from assets held for any other client, and from its own assets.
- Maintain its records and accounts in a way that ensures their accuracy, and in particular their correspondence to the financial instruments and funds held for clients.
- Conduct, daily reconciliations between its internal accounts and records and those of any third parties by whom those assets are held
- Take the necessary steps to ensure that any client financial instruments deposited with a third party, have been identifiable separated from the financial instruments belonging to EMKAP UK and from financial instruments belonging to that third party, by means of differently titled accounts on the books of the third party or other equivalent measures that achieve the same level of protection
- Take the necessary steps to ensure that client funds deposited in a central bank, a credit institution or a bank authorised in a third country are held in an account or accounts identified separately from any accounts used to hold funds belonging to EMKAP UK.
- Apply all necessary measures in order to minimise the risk of loss and reduction of the client's assets or rights in regard to these assets because of asset misappropriation, fraud or negligence.

1.4. Classification

As per the provisions of MIFIDPRU, all UK Investment Firms are classified either as Small and Non-Interconnected ('SNI') and Non-Small and Non-Interconnected ('Non-SNI') FCA investment Firms.

To qualify as an SNI, an FCA investment firm:

- must not carry out activities that have the greatest potential to cause harm to its customers or to the markets in which it operates, and
- must not carry out any activities on such a scale that would cause significant harm to customers or to the markets in which it operates

Further to the above, the table below shows the quantitative thresholds that have been set by the FCA in order to be considered as an SNI:

Table 1: SNI Thresholds

No.	Metric	Thresholds
1.	Assets Under Management	< £1.2 billion
2.	Client orders handled – cash trades	< £100 million per day
3.	Client orders handled – derivative trades	< £1 billion per day
4.	Assets safeguarded and administered	zero
5.	Client money held	zero
6.	On- and off-balance sheet total	< £100 million
7.	Total annual gross revenue	< £30 million

Further to the above, the Firm is categorized as a non-SNI Investment Firm since it does not meet all of the above criteria.

1.5. Scope of Application

This report is prepared on an individual level in accordance with the provisions of MIFIDPRU 8. The Report has as a starting point the financial information used in the Firm's Financial Statements which are prepared in accordance with the International Financial Reporting Standards ("IFRS"). As the two documents serve different purposes, the reported figures illustrate differences, which lie on the differences of the fundamental concepts between the IFPR and the IFRS taking into account the below principals as per the provisions of MIFIDPRU 8.1:

- a) The report is easily accessible and free to obtain;
- b) The report is clearly presented and easy to understand;
- c) The report is consistent with the presentation used for previous disclosure periods or otherwise allows a reader of the information to make comparisons easily; and
- d) The report highlights in a summary any significant changes to the information disclosed, when compared with previous disclosure periods.

Furthermore, and as a non-SNI Investment Firm, the Firm is obliged to publicly disclose the following:

- MIFIDPRU 8.2 – Risk Management Objectives and Policies
- MIFIDPRU 8.3 – Governance Arrangements
- MIFIDPRU 8.4 – Own Funds

- MIFIDPRU 8.5 – Own Funds Requirements
- MIFIDPRU 8.6 – Remuneration Policy and Practices

Moreover, the Firm does not fall within MIFIDPRU 7.1.4R(1) since the value of the firm's on and off-balance sheet items over the preceding 4-year period is a rolling average below £100million. Therefore, the Firm is not obliged to disclose information on Investment Policy as per the provisions of MIFIDPRU 8.7.

1.6. Regulatory Framework

The Report has been prepared in accordance with the regulatory regime for investment firms that the FCA has adopted, the IFPR. The IFPR establishes the prudential requirements in terms of own funds, level of minimum capital, concentration risk, liquidity requirements and level of activity with respect to UK investment firms.

The provisions on disclosure requirements are described in MIFIDPRU 8. In addition, these disclosures must be verified by the external auditors of the Firm.

The Firm's policy is to publish the disclosures required on an annual basis. The frequency of disclosure will be reviewed should there be a material change in approach used for the calculation of capital, business structure or regulatory requirements.

1.7. Declaration of the Board

The Board is required to proceed with an annual declaration on the adequacy of the Firm's risk management framework and ensure that the risk management arrangements and systems of financial and internal control in place are in line with the Firm's risk profile.

The Firm's risk management framework is designed to identify, assess, mitigate and monitor all sources of risk that could have a material impact on the Firm's operations. The Board considers that the Firm has in place adequate systems and controls with regards to its size, risk profile and strategy and an appropriate array of properly resourced assurance mechanisms, to avoid or minimise loss. Key ratios and figures representing interaction of the risk profile and the stated risk tolerances are deemed to be proprietary information.

2. RISK MANAGEMENT OBJECTIVES AND POLICIES (MIFIDPRU 8.2.)

To ensure effective risk management, the Firm has adopted the Three Lines of Defence model, with clearly defined roles and responsibilities.

First Line of Defence:

Managers are responsible for establishing an effective control framework within their area of operation and identifying and controlling all risks so that they are

operating within the organisational risk appetite and are fully compliant with the Firm's policies and where appropriate defined thresholds. The First Line of Defence acts as an early warning mechanism for identifying (or remedying) risks or failures.

Second Line of Defence:

The Risk Management Function is responsible for proposing to the Board appropriate objectives and measures to define the Firm's risk appetite, devising the suite of policies necessary to control the business including the overarching framework, independently monitoring the Firm's risk profile and providing additional assurance where required. The Risk Management Function will leverage their expertise by providing frameworks, tools and techniques to assist management in meeting their responsibilities, as well as acting as a central coordinator to identify enterprise-wide risks and make recommendations to address them. Integral to the mission of the Second Line of Defence is identifying risk areas, detecting situations/activities in need of monitoring, and developing policies to formalise risk assessment, mitigation and monitoring.

Third Line of Defence:

Comprised by the Internal Audit Function which is responsible for providing assurance to the Board on the adequacy of design and operational effectiveness of the systems of internal controls. Internal Audit undertakes on-site inspections/visits to ensure that the responsibilities of each Function are discharged properly (i.e. soundly, honestly and professionally) as well as reviewing the Firm's relevant policies and procedures. Internal Audit works closely with both the First and Second Lines of Defence to ensure that its findings and recommendations are taken into consideration and followed, as applicable.

2.1. Risk Management Framework

Managing risk effectively in a Firm operating in a continuously changing risk environment, requires a strong risk management culture. As a result, the Firm has established an effective risk oversight structure and the necessary internal organisational controls to ensure that the Firm undertakes the following:

- Adequate risk identification and management,
- Establishment of the necessary policies and procedures,
- Setting and monitoring of relevant limits, and
- Compliance with the applicable legislation.

The Board meets on a regular basis and receives updates on risk and regulatory capital matters from management. The Board reviews regularly (at least annually) written reports concerning compliance, risk management and internal audit

policies and procedures as well as the Firm's risk management policies and procedures as implemented by Management.

As part of its business activities, EMKAP UK faces a variety of risks, the most significant of which are described further below. The Firm holds regulatory capital against the three all-encompassing main types of risk: credit risk, market risk and operational risk.

2.2. Risk Statement

The Firm's activities expose it to a variety of risks, and in particular to credit risk, market risk, operational risk, compliance risk, regulatory risk, reputational risk, group risk, strategic risk, liquidity risk, conduct risk etc. The Firm, through its operations, has a significant exposure to the economies and financial markets.

As regards the management of the risks arising from the current macroeconomic and political uncertainty (heightened inflation, Ukrainian crisis, climate crisis etc.), the Firm is following the local government guidelines, enhancing its onboarding procedures and closely monitoring its capital and liquidity positions.

Risk Strategy

The risk strategy of the Firm is a responsibility of the Board, which formulates and is responsible for monitoring its implementation. This is achieved through the development of risk management processes and procedures as well as through an assessment of the risks undertaken and the effectiveness of the risk management framework, given the Firm's business model. One important characteristic of the Firm's risk strategy is the alignment with the strategic and operational targets that are set by the Board.

The risks that arise from the implementation of the Firm's strategic and business plans are regularly analyzed in order to ensure the adequacy of the relevant policies, procedures and systems.

The risk strategy of the Firm aims to provide to both Senior Management and employees a general risk framework for the management of the different types of risks in line with the overall risk management and risk-bearing capacity of the Firm. The Firm recognizes the importance of risk management to its business' success, and therefore the overall objective is to establish effective risk management policies that are able to mitigate the Firm's exposure to various risks.

Risk Appetite

Risk appetite is the level and type of risk a firm is able and willing to assume in its exposures and business activities, given its business objectives and obligations to stakeholders. Risk appetite is generally expressed through both quantitative and qualitative means and should consider extreme conditions, events and outcomes.

In addition, risk appetite should reflect potential impact on earnings, capital and funding/liquidity.

The Firm has a low-risk appetite with respect to investing and managing business and operational activities.

According to the Financial Stability Board (FSB), an appropriate risk appetite framework (RAF) should enable the risk target, risk appetite, risk limits and risk profile to be considered for business lines and legal entities as relevant, and within the group's context.

The Risk appetite framework is defined as the overall approach, including policies, processes, controls, and systems through which the risk appetite is established, communicated, and monitored. Moreover, it includes a risk appetite statement, risk limits, and an outline of the roles and responsibilities of those overseeing the implementation and monitoring of the RAF.

The RAF should consider material risks to the financial institution, as well as to the institution's reputation vis-à-vis policyholders, depositors, investors and customers. The RAF aligns with the institution's strategy. The Firm is assessing its risk appetite with respect to investing and managing business and operational activities while the Firm's Risk Appetite Statement is prepared by the Risk Manager and approved by the Board of Directors.

Table 2: Risk Appetite areas

Indicator	Normal ¹	Warning ²	Limit ³
Minimum Own Fund Requirement	≥\$1,200k	<\$1,200k	\$1,009k
Common Equity Tier 1 Ratio	>100%	<75%	56%
ATI Capital Ratio	>125%	<100%	75%
Total Capital Ratio	>150%	<125%	100%
Liquid Assets	≥£115k	<£115k	\$96k
Return on Assets	≥5.00%	<5.00%	0.00%
Retained Earnings / Total Equity	≥10.00%	<10.00%	5.00%

Notes:

1. *The level of the indicator is within the acceptable limits as per the Firm's risk appetite.*
2. *The Firm should take proactive actions in order to ensure that the level of the indicator will remain above the acceptable limits.*
3. *The level of the indicator falls below the acceptable limits and as such the Firm should proceed with the required actions in order to restore the level of the said indicator to the normal predefined levels.*

The Risk Appetite framework has been designed to create links to the strategic long-term plan, capital planning and the Firm's risk management framework.

The Board approves the Firm's corporate strategy, business plans, budget, long term plan and ICARA. The Firm employs mitigation techniques defined within the Firm's policies, to ensure risks are managed within its Risk Appetite.

2.3. Risk Culture

Risk culture is a critical element in the Firm's risk management framework and procedures. Management considers risk awareness and risk culture within the Firm as an important part of the effective risk management process. Ethical behaviour is a key component of the strong risk culture, and its importance is also continuously emphasised by the management.

The Firm is committed to embedding a strong risk culture throughout the business where everyone understands the risks they personally manage and are empowered and qualified to take accountability for them. The Firm embraces a culture whereby each business area is encouraged to take risk-based decisions, while knowing when to escalate or seek for advice.

2.4. Material Risks

In the context of the ICARA process, EMKAP UK has identified the following material risks.

2.5. Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk. It is inherent in every business organization and covers a wide range of issues. The Firm manages operational risk through a control-based environment in which processes are documented and transactions are reconciled and monitored. This is supported by continuous monitoring of operational risk incidents to ensure that past failures are not repeated.

2.6. Concentration Risk

Credit concentration risk represents any single exposure or group of similar exposures (for instance to the same borrower or counterparty, geographical area or industry) with the potential to produce losses which are large enough to threaten the Firm's ability to maintain its core operations or result in a material change in the Firm's risk profile.

2.7. Liquidity Risk

Funding liquidity risk is the possibility that, over a specific horizon, the Firm will be unable to meet its demands/needs for money (i.e. cash) through a probable mismatch of assets and liabilities. Furthermore, liquidity risks can also arise either via extreme market conditions and/or failures of designated counterparties that the Firm associates with.

Under the Current Regime the firms should hold at all times liquid assets amounting to 1/3 of Fixed Overhead Requirements.

2.8. Business Risk

Business Risk arise due to probable losses that might be incurred by the Firm during unfavourable market conditions, thus having a current and/or future possible impact on earnings or capital from adverse business decisions and/or lack of responses to industry changes by the Firm.

Additionally, for the provision of investment and ancillary services and/or performance of investment activities in a third country, business risk may arise from the probability of inadequate profits or losses, due to changes in a third country's government policy or the increased competition in the third country.

Furthermore, the business risk may arise from the probability of inadequate profits or losses due to unavailability of the Liquidity Providers to execute transactions.

2.9. Legal & Compliance Risk

Legal & Compliance risks arise from violations of, or non-conformance with, the FCA's handbook and applicable MIFIDPRU rules issued thereof, regulations, prescribed practices, internal policies, and procedures, or ethical standards. This risk exposes the Firm mainly to financial losses due to imposed fines from the Regulators. Compliance incidents may also lead to diminished reputation, reduced Firm value, limited business opportunities, reduced expansion potential, and possible inability to enforce contracts.

The approach of FCA to the violations regarding non-compliance with the provisions of the relevant legislation is very strict. The imposition of high administrative sanctions to the entities or persons that conduct that kind of

violations is a very strong tool for the protection of investors as it operates in a suppressive and preventive way, ensuring the compliance of the relevant entities and persons with their legal obligations and the avoidance of the repetition of such violations. Furthermore, the publication of all administrative penalties which are imposed by the Commission (name and shame), works preventively due to the bad publicity caused to the persons and companies. In cases where FCA establishes non-compliance of supervised entities, after weighing the importance of the violations, it uses the following actions:

- Reprimands and sets a deadline for compliance to the relevant FCA investment firm
- Imposes administrative penalties
- Revokes the authorisation of the relevant FCA investment firm
- Suspends the authorisation of the relevant FCA investment firm

The probability of such risks occurring is relatively low due to the detailed internal procedures and policies implemented by the Firm and regular reviews by the Internal Auditors. The structure of the Firm is such that it promotes clear coordination of duties and the management consists of individuals of suitable professional experience, ethos and integrity, who have accepted responsibility for setting and achieving the Firm's strategic targets and goals. In addition, the Board meets at least annually to discuss such issues and any suggestions to enhance compliance are implemented by management.

Finally, the Firm may be exposed to AML risk leading to compliance issues, when this arises from cooperation of the Firm with clients in third countries. All financial institutions should be required to "have in place adequate policies, practices and procedures that promote high ethical and professional standards and prevent the company from being used, intentionally or unintentionally, by criminal elements". Certain key elements should be included by banks in the design of KYC programmes. Such essential elements should start from the banks' risk management and control procedures and should include:

- customer acceptance policy,
- customer identification,
- on-going monitoring of high risk accounts and
- risk management.

Financial institutions should not only establish the identity of their customers but should also monitor account activity to determine those transactions that do not conform with the normal or expected transactions for that customer or type of

account. KYC should be a core feature of Firm's risk management and control procedures and be complemented by regular compliance reviews and internal audit. The intensity of KYC programmes beyond these essential elements should be tailored to the degree of risk.

2.10. Reputational Risk

Reputational Risk could materialise after an incident urges the Firm's clients, counterparties, investors or regulators to adopt an adverse perception about the Firm and its image. It may also occur as an effect of poor customer service or from potential fines/sanctions imposed by FCA, due to the loss of a key director, the loss of large Clients, fraud or theft, Client claims, legal actions against the Firm and from negative publicity relating to the overall Firm's operations whether such fact is true or false.

3. GOVERNANCE ARRANGEMENTS (MIFIDPRU 8.3)

The Firm's systems of risk management and internal control include risk assessment, management or mitigation of risks, including the use of control processes, information and communication systems and processes for monitoring and reviewing their continuing effectiveness.

The risk management and internal control systems are embedded in the operations of the Firm and are capable of responding quickly to evolving business risks, whether they arise from factors within the Firm or from changes in the business environment.

3.1. Organisational Structure

Through the organisational structure, the Firm incorporates a strict Internal Governance framework. Furthermore, the Organisational Structure incorporates the various organisational and functional reporting lines, as well as the different roles and responsibilities therein, while it also facilitates the compliance of the Firm with the principle of segregation of duties and helps in the avoidance and control of possible conflict of interest situations within the Firm.

Moreover, EMKAP UK maintains adequate risk management policies and procedures which identify the risks relating to the Firm's activities, processes and systems, and where appropriate, sets the level of risk tolerated by the Firm. The Firm adopts effective arrangements, processes and systems, in light of the level of risk tolerance set, where applicable.

3.2. Board of Directors

The Firm's Board of Directors comprises of two executive directors.

The Board has the ultimate and overall responsibility for the investment firm and defines, oversees and is accountable for the implementation of the governance

arrangements. The Board is responsible for ensuring that the Firm complies at all times with its obligations under the Law. In doing so, the Board approves and periodically reviews the effectiveness of the policies, arrangements and procedures in place, whilst if needed, takes appropriate measures to address any deficiencies.

In particular, the Board ensures for the:

- definition of the corporate objectives and the Firm's risk strategies,
- definition of the Firm's risk profile, and establishment of the corresponding procedures and processes, including the documentation of those in the Firm's IOM,
- definition of strategies and procedures for adherence to capital requirements (establishment of a limit system) and for the risk-based capital allocation for basic and other Risks,
- dissemination of information on these strategies and procedures to the employees concerned,
- application of its experience and expertise in order to suggest the Firm's means and manners of the stress testing methodology (sensitivity analyses, scenario analyses, by means of quantitative methods and/or qualitative expert estimates),
- application of its experience and expertise to identify and suggest possible stress testing scenarios that could have adverse consequences to the Firm and suggest possible routes of application and testing of those,
- establishment of a suitable internal control system that implements an effective ICARA and provides for the establishment of an appropriate Risk environment within the Firm,
- functional and organizational segregation of duties and responsibilities at a physical level as well as electronically, and management of conflicts of interest risks,
- Firm's employees having the necessary qualifications to exercise their duties,
- regular (at least annual) review of systems, procedures and processes, and imposing of relevant adaptations, as necessary,
- reviewing, understanding and approving the ICARA of the Firm.

3.3. Committees

Establishing committees helps management bodies in their supervisory functions. Committees draw on the specific knowledge and areas of expertise of individual management body members. While committees should prepare decisions and

make recommendations to the management body in its supervisory function, the management body has the overall responsibility. Moreover, the Firm does not fall within the scope of MIFIDPRU 7.1.4R(1) since the value of the firm's on and off-balance sheet items over the preceding 4-year period is a rolling average below £100million. Therefore, the Firm is not obliged to establish any committee.

3.4. Policy on Recruitment

Recruitment into the Board combines an assessment of both technical capability and competency skills referenced against the Firm's leadership framework. Members of the Board possess sufficient knowledge, skills and experience to perform their duties. The overall composition of the Board reflects an adequately broad range of experiences to be able to understand the Firm's activities, including the main risks to ensure the sound and prudent management of the Firm as well as sufficient knowledge, of the legal framework governing the operations of the Firm.

EMKAP UK will consider applicants for the board on the basis of merit. EMKAP UK is open to a mixed board with individuals from different gender, race, age, experience, and education. Diversifying the board is said to:

- Create better decision making;
- Better use of the talent pool; and
- Grows the reputation EMKAP UK from a culture and public perspectives.

Each board member should possess different characteristics skills, knowledge, information and time to contribute. This can vary from being a leader, critical thinker, or specialist in tax or mergers. Several different characteristics and skill will give a broad oversight to the operations of the Firm. The Board members should be equipped with specialised experience which comes together to create a strong board.

3.5. Number of Directorships

The table below discloses the number of directorships held by members of the management body of the Firm, including the Firm and any other companies belonging to the same group, as at 31 December 2025. Directorships in organisations which do not pursue predominantly commercial objectives such as non-profit or charitable organisations, are not taken into account for the purposes of the below.

Table 3: Number of Directorships of the members of the Board of Directors*

Name of Director	Position	Number of Executive Directorships	Number of Non-Executive Directorships
Mrs Persella Ioannides	Executive Director	3	1
Mrs Ekaterina Rtischeva	Executive Director	1	-

**The information in this table is based only on representations made by the directors of the Firm.*

For the purpose of the above, Executive held within the same group shall count as a single directorship.

3.6. Policy on Diversity

The Firm is committed to promoting a diverse and inclusive workplace at all levels, reflective of the communities in which it does business. It approaches diversity in the broadest sense, recognizing that successful businesses flourish through embracing diversity into their business strategy, and developing talent at every level in the organisation.

For this purpose, the Firm takes into consideration various aspects such as broad industry experience, knowledge, independence, gender, age and cultural and educational background for the Board appointments.

Having a board composed of men and women with diverse skills, experience, backgrounds and perspectives means:

- competitive advantage;
- representation of the wider group of employees;
- robust understanding of opportunities, issues and risks;
- inclusion of different concepts, ideas, and relationships;
- enhanced decision-making and dialogue; and
- heightened capacity for oversight of the organization and its governance.

For purposes of Board composition, diversity includes, but is not limited to, business and industry skills and experience, gender, and ethnicity. The Board will make good use of these differences and distinctions among individuals in determining the optimum composition of the Board. All Board appointments must collectively reflect the diverse nature of the business environment in which the organisation

operates and be made on merit, in the context of the skills, experience, independence and knowledge which the Board requires to be effective.

EMKAP UK believes that diversified Board members are more likely to possess different personal characteristics which will lead to unique thinking, leadership, risk preferences and behaviours, in turn these differences foster creativity in delivering solutions to problems and provide a more comprehensive oversight to the internal operations of the Firm and sensitivity to a wider range of possible risks such as reputational and compliance risks.

3.6.1. Board Diversity Principles

EMKAP UK has adopted the following principles to guide the way in which the Firm will deliver diversity within the Board:

Diversity is enhanced through intentional effort. It is important to note, though diversity is a factor to consider, the board members' merits, skills and experience will be taken into consideration.

Credibility is enhanced through diverse board and leadership representation. There is a significant relationship between board and leadership gender diversity and corporate performance. EMKAP UK will pursue a well-rounded, diverse, and credible approach to ensuring board and leadership diversity.

Legitimacy is enhanced through respected, experienced, senior leaders. To ensure the diversity strategy of EMKAP UK is viewed as a legitimate process, all appointments will be made on merit.

Visibility is enhanced through the promotion of broad and common goals. Visibility enhances reputation. Gender diversity and inclusion imperatives are prominent on today's public stage and across industries. Going public with a board diversity strategy is a helpful step in holding ourselves accountable, setting an example, and providing thought leadership in the industry.

Accessibility is enhanced through a powerful collective voice. EMKAP UK will balance the intent of this policy with its need to be a powerful voice for diversity in all of its forms.

3.6.2. Process

EMKAP UK is committed to a merit-based system for Board composition within a diverse and inclusive culture which solicits multiple perspectives and views. It is free of conscious or unconscious bias and discrimination. When assessing Board composition, identifying suitable candidates for appointment or re-election to the Board, the Firm will consider candidates on merit against objective criteria having due regard to the benefits of diversity and the needs of the Board.

The Firm believes the promotion of diversity is best served through careful consideration of all the knowledge, experience, skills and background of each individual candidate for the role of director in light of the needs of the Board, without focusing on a single diversity characteristic and, accordingly, has not adopted targets regarding gender diversity of the Board.

4. OWN FUNDS (MIFIDPRU 8.4)

Own Funds (also referred to as capital resources) are the type and level of regulatory capital that must be held to enable the Firm to absorb losses. During the year, the primary objective of the Firm with respect to capital management was to ensure that it complied with the imposed capital requirements with respect to its own funds and that the Firm maintained healthy capital ratios in order to support its business. Further to the above, the Firm, as a non-SNI Investment Firm, shall at all times have own funds at least the highest of the following:

- Permanent Minimum Capital Requirement,
- Fixed Overheads Requirements, and
- K-Factors Requirement.

EMKAP UK throughout the year under review, managed its capital structure and made adjustments to it in light of the changes in the economic and business conditions and the risk characteristics of its activities.

4.1. Composition of Regulatory Own Funds

The following information provides a full reconciliation of the Common Equity Tier 1 (CET1), Additional Tier 1 (AT1) instruments and Tier 2 (T2) instruments issued by the Firm. The Firm's regulatory capital comprises fully of CET1 capital while it has not issued any AT1 or T2 capital.

Table 4: Composition of Regulatory Own Funds

No.	Item	Amount \$'000	Source based on reference number of Table 6
1.	OWN FUNDS	3,988	
2.	TIER 1 CAPITAL	3,988	
3.	COMMON EQUITY TIER 1 CAPITAL	3,988	
4.	Fully paid-up capital instruments	2,500	Shareholders' Equity 1
5.	Share premium	-	N/A

6.	Retained earnings	1,678	Shareholders' Equity 2
7.	Accumulated other comprehensive income	-	N/A
8.	Other reserves	(173)	Shareholders' Equity 3
9.	Adjustments to CET1 due to prudential filters	-	N/A
10.	Other funds	-	N/A
11.	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-	N/A
19.	CET1: Other capital elements, deductions and adjustments	-	N/A
20.	ADDITIONAL TIER 1 CAPITAL	-	
21.	Fully paid up, directly issued capital instruments	-	N/A
22.	Share premium	-	N/A
23.	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	N/A
24.	Additional Tier 1: Other capital elements, deductions and adjustments	-	N/A
25.	TIER 2 CAPITAL	-	
26.	Fully paid up, directly issued capital instruments	-	N/A
27.	Share premium	-	N/A
28.	(-) TOTAL DEDUCTIONS FROM TIER 2	-	N/A
29.	Tier 2: Other capital elements, deductions and adjustments	-	N/A

4.2. Main Features of Capital Instruments

The Firm is obliged to disclose information on the main features of the CET 1 instruments, Additional Tier 1 instruments and Tier 2 instruments. Therefore, the Firm's capital instruments' main features are outlined below:

Table 5: Own funds: main features of own instruments issued by the Firm

Capital Instruments Main Feature	CET1
Issuer	EMKAP UK UK Limited
Regulatory Treatment	
Eligible at Solo/(sub-)consolidated/solo	Solo
Instrument type	Common Equity
Amount recognized in regulatory capital*	\$2,500,000
Nominal amount of instrument	\$2,500,000
Issue Price	\$1
Accounting classification	Shareholders' Equity
Perpetual or dated	Perpetual
Original maturity date	No maturity
Issuer call subject to prior supervisory approval	N/A
Coupons / dividends	
Fixed or floating dividend/coupon	Floating
Coupon rate and any related index	N/A

4.3. Balance Sheet Reconciliation

The Firm shall disclose the balance sheet included in its audited financial statements for the year-end disclosures. As at 31 December 2025, the reconciliation of Firm's assets and liabilities and regulatory Own Funds are shown in the following table:

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

		Balance sheet as in published/ audited financial statements	Cross reference to template OF1
		\$	
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements			
1.	Property, plant and equipment	41,768	N/A
2.	Trade and other receivables	552,844	N/A
3.	Financial assets measured at fair value through profit or loss	228,575	N/A
4.	Cash and cash equivalents	3,524,226	N/A
Total Assets		4,347,413	
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements			
1.	Trade and other liabilities	334,957	N/A
2.	Deferred tax liability	7,379	N/A
Total Liabilities		342,336	
Shareholders' Equity			
1.	Called up share capital	2,500,000	Ref. 4
2.	Retained earnings	1,678,190	Ref. 6
3.	Other Reserves	(173,113)	Ref. 8
Total Shareholders' equity		4,005,077	

5. OWN FUNDS REQUIREMENTS (MIFIPDRU 8.5.)

The Firm as a non-SNI Investment Firm shall at all times have own funds at least the highest of the following:

- Permanent Minimum Capital Requirement,
- Fixed Overhead Requirements, and
- K-Factors Requirement.

5.1. Permanent Minimum Capital Requirement

As per the provisions of MIFIDPRU 4.4, where a MIFIDPRU Investment Firm has the permission to carry on any of the following investment activities, it is required to maintain a Permanent Minimum Capital Requirement of £750,000:

- dealing on own account;
- underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis; or
- operating an organised trading facility, if the firm is not subject to a limitation that prevents it from carrying on the activities otherwise permitted by MAR 5A.3.5R.

Moreover, and in case of a MIFIDPRU Investment Firm that has permission to provide the following activities:

- operating a multilateral trading facility;
- operating an organised trading facility, if the firm is subject to a limitation that prevents it from carrying on the activities otherwise permitted by MAR 5A.3.5R;
- holding client money or client assets in the course of MiFID business; and

but it does not have permission for any of the following:

- dealing on own account;
- underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis;
- operating an organised trading facility, if the firm is not subject to a limitation that prevents it from carrying on the activities otherwise permitted by MAR 5A.3.5R,

then the firm is required to maintain a Permanent Minimum Capital Requirement of £150,000.

Finally, in case of a MIFIDPRU Investment Firm which is authorised to offer the following services but is not permitted to hold clients' money or client assets in the

course of its MiFID business, the applicable Permanent Minimum Capital Requirement is £75,000:

- reception and transmission of orders in relation to one or more financial instruments;
- execution of orders on behalf of clients;
- portfolio management;
- investment advice; or
- placing of financial instruments without a firm commitment basis; and

Therefore, since the Firm is authorised to provide the investment service of dealing on own account, its initial capital is £750k.

5.2. Fixed Overheads Requirement

The fixed overheads requirement (FOR) applies to all MIFIDPRU Investment Firms. The FOR is intended to calculate a minimum amount of capital that a MIFIDPRU Investment Firm would need available to absorb losses if it has cause to wind-down or exit the market.

It is calculated as one quarter of the fixed overheads of the preceding year (or business plan where the audited financial statements are not available) in accordance with the provisions of MIFIDPRU 4.5. When calculating its fixed overheads requirement, a firm must use the figures resulting from the accounting framework applied by the firm in accordance with MIFIDPRU 4.5.2R.

Further to the above, the Firm's fixed overheads requirement based on the latest audited financial statements is \$288k as per the table below:

Table 7: Fixed Overheads Requirement

Item	\$'000
Total expenses of the previous year after distribution of profits	1,367
Total deductions	215
Annual Fixed Overheads	1,152
Fixed Overheads requirement	288

5.3. K-Factors Requirement

The K-factor capital requirements are essentially a mixture of activity- and exposure-based requirements. K-factor application to an individual FCA

investment firm will depend on the MiFID investment services and activities the Firm undertakes.

Capital requirement from applying K-factors formula is the sum of Risk to Client ('RtC'), Risk to Market ('RtM') and Risk to Firm ('RtF') as described in the table below:

Table 8: K-Factors Proxies

Risk to Client (RtC)	Risk to Market (RtM)	Risk to Firm (RtF)
<ul style="list-style-type: none"> • K-AUM: Assets Under Management • K-ASA: Client Assets Safeguarded and Administered • K-CMH: Client Money Held, and • K-COH: Client Orders Handled 	<ul style="list-style-type: none"> • K-NPR: Net Position Risk (calculated in accordance to CRR); or • K-CMG: Clearing Member Guarantee 	<p>Sum of:</p> <ul style="list-style-type: none"> • K-TCD: Trading Counterparty Default • K-CON: Concentration risk based on large exposures, and • K-DTF: Operational risks from Daily Trading Flow

Further to the above and since the Firm is authorized to provide the investment service of Dealing on Own Account, all RtC, RtM and RtF proxies are applicable for the Firm. Specifically, given that the Firm is not authorised to provide the investment service of Portfolio Management or Investment Advice the risk relating to the K-AUM factor does not apply to the Firm.

5.3.1. Risk to Client

The risk to Client proxy captures the risk that may be inflicted onto the clients. RtC exists in the activities/services of the firm which are related to the client and are measured as a percentage of Clients Money Held (CMH), Assets Under Management (AUM), Assets Safeguarded & Administered (ASA) and Clients' Orders Handled (COH).

The Firm is required to calculate the following K-Factors requirements as part of the RtC:

5.3.1.1. *K-AUM: Assets Under Management*

K-AUM captures the risk of harm to clients from an incorrect discretionary management of client portfolios or poor execution and provides reassurance and client benefits in terms of the continuity of service of ongoing portfolio management and investment advice.

AUM is the value of assets an IF manages for its clients under both discretionary portfolio management and non-discretionary arrangements constituting investment advice of an ongoing nature.

Calculation

AUM shall be the rolling average of the value of the total monthly assets under management, measured on the last business day of each of the previous 15 months, excluding the 3 most recent monthly values.

K-AUM shall be the arithmetic mean of the remaining 12 monthly values multiplied by the relevant coefficient of 0.02%.

As at 31 December 2025, the Firm was not exposed to the risk relating to K-AUM since it is not authorised to provide the investment service of Portfolio Management or Investment Advice.

5.3.1.2. K-CMH: Clients Money Held

K-CMH captures the risk of potential for harm where an investment firm holds the money of its clients, taking into account whether they are on its own balance sheet or in third-party accounts and arrangements under applicable national law, provided that client money is safeguarded in the event of bankruptcy, insolvency, or entry into resolution or administration of the investment firm.

CMH is the amount of client money that an investment firm holds or controls. It excludes client money that is deposited on a (custodian) bank account in the name of the client itself, where the investment firm has access to these client funds via a third-party mandate (on a segregated or nonsegregated basis).

Calculation

CMH shall be the rolling average of the value of total daily client money held, measured at the end of each business day for the previous 9 months, excluding the 3 most recent months.

K-CMH shall be the arithmetic mean of the daily values from the remaining 6 months multiplied by the relevant coefficient (0.4% and for segregated accounts and 0.5% for non-segregated accounts).

As at 31 December 2025, the Firm's CMH was \$35k and the respective K-CMH was <\$1k.

5.3.1.3. K-ASA: Assets Safeguarded and Administered

K-ASA captures the risk of safeguarding and administering client assets, and ensures that investment firms hold capital in proportion to such balances, regardless of whether they are on its own balance sheet or in third-party accounts.

ASA means the value of assets that an investment firm safeguards and administers for clients ensuring that investment firms hold capital in proportion to such balances, regardless of whether they are on its own balance sheet or in third-party accounts.

Calculation

It is calculated as the rolling average of the daily total value of assets under safekeeping and administration, measured at the end of each business day for the previous 9 months, excluding the 3 most recent months.

K-ASA shall be the arithmetic mean of the daily values from the remaining 6 months multiplied by the relevant coefficient of 0.04%.

As at 31 December 2025, the Firm's ASA was \$4,263k and the respective K-ASA was \$2k.

5.3.1.4. K-COH: Client Orders Handled

K-COH captures the potential risk to clients of an investment firm which executes orders (in the name of the client, and not in the name of the investment firm itself), for example as part of execution-only services to clients or when an investment firm is part of a chain for client orders.

COH captures the potential risk to clients of an investment firm which executes its orders (in the name of the client). This is the value of orders that an investment firm handles for clients, through the reception and transmission of client orders and execution of orders on behalf of clients.

Calculation

COH shall be the rolling average of the value of the total client orders handled, measured throughout each business day for the previous 6 months.

K-COH shall be the arithmetic mean of the daily values from the remaining 3 months multiplied by the relevant coefficient (0.1% and for cash trades and 0.01% for derivative trades).

As at 31 December 2025, the Firm did not execute any clients' orders and as such the K-COH was zero.

5.3.2. Risk to Market

The Risk to market proxy captures the risk a MIFIDPRU Investment Firm can pose to market access. The K-factor for RtM is based on the rules for market risk, for positions in financial instruments in foreign exchange and in commodities in accordance with the UK CRR.

5.3.2.1. K-NPR: Net Position Risk

As a non-SNI Investment Firm authorized to offer the dealing on own accounts investment service, it is required to calculate its K-NPR requirement by reference to trading book positions and positions other than trading book positions where the positions give rise to foreign exchange risk or commodity risk. The K-NPR requirement is calculated in accordance with Title IV of Part Three of the CRR.

Based on its trading activities, the Firm is exposed to market risk resulting from exposure to:

- FX Risk;
- Commodity Risk;
- Equity Risk; and
- TDI Risk.

As at 31 December 2025, the K-NPR capital requirement amounted to \$89k, as shown in the table below:

Table 9:K-NPR capital requirement

K-NPR	\$'000
Foreign Exchange Risk	53
Commodities Risk	-
Position Risk due to equities	37
TDI Risk	-
K-NPR	89

Foreign Exchange Risk

Foreign exchange risk is the effect that unanticipated exchange rate changes may have on the Firm. In the ordinary course of business, the Firm is exposed to foreign exchange risk, which is monitored through various control mechanisms.

The foreign exchange risk in the Firm is effectively managed by setting and controlling foreign exchange risk limits, such as through the establishment of a maximum value of exposure to a particular currency pair as well as through the utilization of sensitivity analysis. The Firm's foreign exchange risk capital requirement is \$53k emanating from a net foreign exchange exposure of \$661k

based on the latest relevant calculations of the Firm's capital requirements as at 31 December 2025.

The Firm continues to regularly monitor the impact of exchange rate risks and if deemed necessary, corrective actions will be taken to minimize the effect.

5.3.3. *Risk to Firm*

The Risk to Firm captures the risk that could be inflicted on the Firm. The K-factors under RtF capture an investment firm's exposure to their trading counterparties, the concentration risk in an investment firm's large exposures and the operational risk from an investment firm's daily trading flow: K-factors for K-TCD and K-CON under RtF constitute a simplified application of the rules laid down in the CRR on counterparty credit risk and large exposure risk, respectively.

The Firm is required to calculate the following K-Factors requirements as part of the RtF:

5.3.3.1. *K-TCD: Trading Counterparty Default*

K-TCD captures the risk to an investment firm by counterparties to over-the-counter (OTC) derivatives, repurchase transactions, securities and commodities lending or borrowing transactions, long settlement transactions, margin lending transactions, or any other securities financing transactions, as well as by recipients of loans granted by the investment firm on an ancillary basis as part of an investment service that fails to fulfil their obligations, by multiplying the value of the exposures, based on replacement cost and an add-on for potential future exposure, accounting for the mitigating effects of effective netting and the exchange of collateral.

Calculation

Calculation based on CRR counterparty credit risk refers to exposure value, credit valuation, replacement cost, potential future exposure and collateral. The following formulae describe the calculation of the capital requirement for K-TCD:

$$K-TCD = a \times EV \times R_f \times CVA$$

Where:

- $a=1.2$
- *Exposure value (EV) = max(0, RC + PFE - collateral)*
- *Risk Factor (Rf) is defined per counterparty type (1.6% for banks, central governments, central banks and investment firms, 8% other counterparties)*
- *Credit Valuation Adjustment (CVA) = 1.5 for Banks and Investment Firms and 1 for others*

Further to the above, the Firm's K-TCD as at 31 December 2024 was zero since it was not exposed to any instrument generating TCD.

5.3.3.2. K-CON: Concentration Risk on Large Exposures

K-CON captures concentration risk in relation to individual or highly connected private sector counterparties with whom firms have exposures above 25% of their own funds, or specific alternative thresholds in relation to credit institutions or other investment firms, by imposing a capital add-on in line with CRR for excess exposures above those limits.

All Investment Firms should monitor and control their concentration risk. However, only Investment Firms which are subject to a minimum own funds requirement under the K-Factors should report the concentration risk.

Limits

Where the client is a credit institution or an investment firm, the limit to concentration will be the higher between 25% of the investment firm's capital or \$150m. If the amount of \$150m is higher than 25% of the firm's own funds, the limit to concentration should not exceed 100% of the firm's capital.

Where the client is not a bank or an investment firm, the limit to concentration risk remains at 25% of the investment firm's own funds.

Calculation

Where a firm exceeds these limits, it will be required to hold an additional own fund requirement based on the excess over the limit multiplied by a factor between 200% and 900%, depending on the size of the excess as prescribed in Table 1 of MIFIDPRU 5.7.4.

Further to the above, the Own Funds requirement of the excess shall be calculated in accordance with the following formula:

$$OFRE = \frac{OFR}{EV} * EVE$$

Where:

- *OFRE = own funds requirement for the excess;*
- *OFR = own funds requirement of exposures to an individual client or groups of connected clients, calculated by adding together the own funds requirements of the exposures to the individual clients within the group, which shall be treated as a single exposure;*
- *EV = exposure value calculated in TCD and NPR K-factors;*
- *EVE = exposure value excess calculated as Exposure Value minus Limit*

The K-CON own funds requirement shall be the aggregate amount of the own fund requirement calculated for each client or group of connected clients.

The Firm calculates and keeps aside additional capital requirement for any amount that exceeds the applicable K-CON limit. Additionally, the Firm reports to the FCA, on a quarterly basis, via MIF005, the value of exposures exceeding the limits set in of MIFIDPRU 5.7.1 and the name of the relevant counterparty.

As at 31 December 2025, the Firm had no exposure above the limits and as such the K-CON was zero.

5.3.3.3. *K-DTF: Daily Trading Flow*

K-DTF captures the operational risks to an investment firm in large volumes of trades concluded for its own account or for clients in its own name in one day which could result from inadequate or failed internal processes, people and systems or from external events, based on the notional value of daily trades, adjusted for the time to maturity of interest rate derivatives in order to limit increases in own funds requirements, in particular for short-term contracts where perceived operational risks are lower.

DTF means 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 which are already taken into account within the scope of client orders handled.

Calculation

DTF shall be the rolling average of the value of the total daily trading flow, measured throughout each business day for the previous 9 months, excluding 3 recent months.

DTF= sum of [ABS(Buys) + Abs (Sells)] for both cash trades and derivatives

K-DTF shall be the arithmetic mean of the daily values from the remaining 6 months multiplied by the relevant coefficient (0.1% and for cash trades and 0.01% for derivative trades).

As at 31 December 2024, the Firm's DTF was \$10,866k and the respective K-DTF was \$11k.

5.4. K-Factors Requirement Results

As at 31 December 2025, the Firm's K-Factors Requirement was \$101k as shown in the table below:

Table 10: K-Factors Results

Item	Factor Amount \$'000	K-Factor Requirement \$'000
TOTAL K-FACTOR REQUIREMENT		101
Risk To clients		2
<i>K-AUM</i>	-	-
<i>K-CMH (Segregated)</i>	35	<1
<i>K-CMH (non-Segregated)</i>	-	-
<i>K-ASA</i>	4,263	2
<i>K-COH (Cash Trades)</i>	-	-
<i>K-COH (Derivative Trades)</i>	-	-
Risk to Market		89
<i>K-NPR</i>		89
<i>K-CMG</i>		
Risk to Firm		10
<i>K-TCD</i>		-
<i>K-DTF (Cash Trades)</i>	9,650	10
<i>K-DTF (Derivative Trades)</i>	-	-
<i>K-CON</i>		-

5.5. Overall Capital Adequacy Position

According to MIFIPDRU 3.2.2, Investment firms shall have own funds consisting of the sum of their Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital, and shall meet all the following conditions at all times:

$$\frac{\text{Common Equity Tier 1 Capital}}{D} \geq 56\%$$

$$\frac{\text{Common Equity Tier 1 Capital} + \text{Additional Tier 1 Capital}}{D} \geq 75\%$$

$$\frac{\text{Common Equity Tier 1 Capital} + \text{Additional Tier 1 Capital} + \text{Tier 2 Capital}}{D} \geq 100\%$$

where D is the Firm's own funds requirement calculated in with MIFIDPRU 4.3.

The Firm's own funds, own funds requirement and capital ratio reported as at 31 December 2025, were as follows:

Table II: Capital Adequacy Analysis

OWN FUNDS COMPOSITION	\$'000
Total Own Funds	3,988
OWN FUNDS REQUIREMENTS	\$'000
<i>Permanent Minimum Capital Requirement (MIFIDPRU 4.4)</i>	1,009 (£750)
<i>Fixed Overheads Requirement (MIFIDPRU 4.5)</i>	288
<i>K-Factors Requirement (MIFIDPRU 4.6)</i>	101
Total Own funds Requirement	1,009 (£750)
CAPITAL RATIOS	
Common Equity Tier 1 Capital Ratio (min. 56%)	395.30%
Surplus/(Deficit) of Common Equity Tier 1 Capital Ratio	3,423
Tier 1 Capital Ratio (min. 75%)	395.30%
Surplus/(Deficit) of Tier 1 Capital Ratio	3,231
Total Capital Ratio (min. 100%)	395.30%
Surplus/(Deficit) of Total Capital Ratio	2,979

As per the above results, EMKAP UK, as at 31 December 2025, maintains adequate own funds to cover its capital requirements. However, the Firm will continue to monitor the above ratios in order to ensure compliance with the capital adequacy requirements at all times.

5.6. Liquidity Requirements (MIFIDPRU 6)

The basic liquid assets requirement is based on a proportion of an FCA investment firm's fixed overheads requirement and any guarantees provided to clients. The purpose is to ensure that the investment firms have an adequate stock of unencumbered high-quality liquid assets that can be converted easily and immediately in private markets in cash to meet their liquidity needs. The Firm is required to maintain an amount of liquid assets that is at least equal to the sum of the following:

- one third of the amount of its fixed overheads requirement, and
- 1.6% of the total amount of any guarantees provided to clients.

The MIFIDPRU handbook defines core liquid assets as any of the following items denominated in pound sterling:

- coins and banknotes;
- short-term deposits at a UK-authorized credit institution;
- assets representing claims on or guaranteed by the UK government or the Bank of England;
- units or shares in a short-term MMF;
- units or shares in a third country fund that is comparable to a short-term MMF; and
- trade receivables, if the conditions in MIFIDPRU 6.3.3R are met.

In this respect, EMKAP UK's core liquid assets as at 31 December 2025 were well above the 1/3 of the total fixed overheads requirement as indicated in the table below:

Table 12: Liquidity Requirements

Item	\$'000
Coins and banknotes;	-
Short-term deposits at a UK-authorized credit institution;	3,525
Assets representing claims on or guaranteed by the UK government or the Bank of England;	-
Units or shares in a short-term MMF;	-
Units or shares in a third country fund that is comparable to a short-term MMF; and	-

Trade receivables, if the conditions in MIFIDPRU 6.3.3R are met.	-
Total Core Liquid Assets	3,754
Basic Requirement (1/3 of Fixed Overheads Requirement)	96
Surplus/(Deficit)	2,550

Further to the above, the Firm maintains adequate liquid assets to cover the one third fixed overheads requirement. However, the Firm should monitor the above in order to ensure compliance at all times.

5.7. Internal Capital Adequacy and Risk Assessment Process

The purpose of capital is to provide sufficient resources to absorb unexpected losses over and above the ones that are expected in the normal course of business. The Firm aims to maintain a minimum risk asset ratio which will ensure there is sufficient capital to support the Firm under normal and during stressed conditions.

The Firm should establish sound, effective and comprehensive arrangements, strategies and processes to assess and maintain on an ongoing basis the amounts, types and distribution of internal capital and liquid assets that they consider adequate to cover the nature and level of risks which they may pose to others and to which the investment firms themselves are or might be exposed to. These arrangements, strategies and processes shall be appropriate and proportionate to the nature, scale and complexity of the activities of the Firm, and they shall be subject to regular internal review.

In light of the above, the ICARA report will present the main business background aspects and developments of the Firm, a summary of the Firm's business economic environment, the Firm's financial summary for the previous and upcoming years, the business and strategic goals, organisational structure and the risk management framework, the overall assessment of the material risks as well as a forward-looking capital and liquidity planning assessment. The Overall Financial Adequacy Rule (OFAR) establishes the standard to determine if an FCA investment firm has adequate financial resources.

OFAR will require the firm, at all times, to hold adequate own funds and liquid assets to:

- to ensure it can remain viable throughout the economic cycle, with the ability to address any potential harm from its ongoing activities; and,
- to allow its business to wind-down in an orderly way.

According to MIFIDPRU 4 own funds requirements are built around the PMR, the FOR, and, for non-SNIs, the KFR. These requirements serve different purposes. The FOR is a proxy for the amount of own funds the firm needs to hold to allow them to begin wind-down in an orderly way while the KFR is the amount of own funds required to cover the risk of harm from the ongoing operation of the firm's business. Finally, the PMR is a flat minimum required to underpin the FOR and the KFR. Unlike the FOR and KFR, the PMR does not scale with harm.

The PMR and FOR are standard requirements that apply to all FCA investment firms. The KFR is a standard requirement that applies to non-SNI firms. Meeting these alone may not be enough to mean that they are meeting threshold conditions. This will depend on the size, business model and complexity of the firm's activities. The firm will need to estimate the financial impact of any harm that is not covered by its PMR, FOR or KFR.

The above process will help the firm determine its 'own funds threshold requirement' that needs to be met with the appropriate resources at all times. Specifically, the firm will set its own funds threshold requirement at the higher of the:

1. PMR,
2. own funds necessary to cover harms from ongoing operations, or
3. own funds as necessary for wind-down.

As a non-SNI Investment Firm, the Firm is required to calculate the K-Factors requirement. Moreover, and as regards the liquidity threshold, the basic liquid assets requirement is based on the firm having a minimum amount of core liquid assets that will allow them to begin wind-down in an orderly manner. The Firm sets its liquid assets threshold requirement as the sum of the basic liquid assets requirement and the higher of:

1. the additional liquid assets necessary at any given point in time to fund ongoing operations, taking into account potential periods of financial stress during the economic cycle,
2. the additional liquid assets required to begin its orderly wind-down, taking into account inflows of liquid assets that can be reasonably expected to occur during the wind-down period.

The Firm recognises the importance of the ICARA and appreciates that it enables the firm to justify its business strategy and risk assessments in such a way as to be more diligent in the inclusion of risk factors in the business design process and also to hold adequate capital against the gross risks to which it is exposed to. It is also acknowledged that the ICARA Report is a reasonably intense process, requiring information from many different departments and committees of the company

and also it requires senior management time at the design phase, during the risk and financial data collection phase and for the sign-off phase. Therefore, the Board is committed to continuously update the ICARA at least annually to reflect the latest strategic plans and updates. During the year 2025, the Firm updated its ICARA by updating its assessments with respect to the liquidity adequacy of the Firm, designing new financial projections and stress tests to reflect the K-Factors requirement and updating its ICARA report. The methodologies of K-Factors and Liquidity Stress tests are incorporated into the ICARA process, as well as the updated risk register which focuses on a harm-pose approach identifying different potential risk events that may affect the Firm's overall capital adequacy position.

The ICARA Report and capital planning for the year 2025 has been prepared and approved by the Board on 11 September 2025. The report is being reviewed and updated annually, while it is submitted to FCA upon request. The table below shows the outcomes of the Basic and Additional capital and liquidity requirements as at the reference date of the report.

Table 13: ICARA Process Outcomes

Item	\$
Basis of Completion of the ICARA Process	
Scope of the Report	Individual
Reference Date of the ICARA process	31 December 2024
Assessing and Monitoring the Adequacy of Own Funds	
Common Equity Tier 1 Capital	3,988
Additional Tier 1 Capital	-
Tier 2 Capital	-
Total Own Funds	3,988
Own funds threshold requirement	940
- <i>Own funds to address risks from ongoing activities</i>	115
- <i>Own funds necessary for orderly wind-down</i>	690
Surplus/(Deficit)	3,048

Assessing and Monitoring the Adequacy of Liquid Assets Held	
Total liquid assets	2,002
Liquid assets threshold requirement	752
- <i>Basic liquid assets requirement</i>	62
- <i>Additional liquid assets required to fund ongoing business operations</i>	38
- <i>Additional liquid assets required to start wind-down</i>	690
Surplus/(Deficit)	1,250

Further to the above results, during the year-ended 2024, the Firm's capital and liquid assets were above the respective thresholds calculated. The Firm monitors these requirements to ensure compliance at all times.

6. REMUNERATION POLICY AND PRACTICES (MIFIDPRU 8.6)

The Firm has in place a remuneration policy in line with the requirements set by FCA. The policy is prepared as an ad-hoc document which reflects the current organisational structure and is proportionate to the size and activities of the Firm. The employees are remunerated based on their performance within a multi-year framework, irrespective of the gender and/or ethnicity of each employee. The remuneration benefits are always in line with the business strategy and objectives of the Firm, which ensures the promotion of effective risk management.

6.1.Principles

The following principles form the basis of EMKAP UK's Remuneration Policy:

- Arrangements focusing on encouraging the right culture and behaviours in the sales and trading department, whilst actively discouraging poor practices;
- Competitive compensation to attract, retain, motivate and reward employees that deliver positive long-term performance;
- Establishment of sound and effective risk management tools;
- Alignment with effective conflict of interest management duties and avoidance of conflict of interests created by the Policy;

- Ensuring a culture of acting in the best interests of clients is developed and maintained, inclusive provision of suitable and appropriate advice and recommendations to the clients;
- Implementation of reward program, which is transparent, easy for understanding, simple to administer and affordable to the Firm.

The applicability of the Firm's Policy is reviewed at least annually by the Board of Directors in the context of an internal review for compliance with the relevant legislation as well as to confirm applicability, viability and alignment with the industry's remuneration standards (e.g. to ensure base salary levels are not set at artificially low levels).

Furthermore, the senior management with the assistance of the Compliance Function and the remuneration committee, will periodically review the Policy, as and when applicable, and thus adjust it should the need arise to do so. The updated Remuneration Policy shall be presented to the Board of Directors for their review and approval.

Where potential or actual client detriment might arise as a result of specific features in remuneration policies and practices, the Firm should take appropriate steps to manage potential conduct of business and conflict of interest risks by reviewing and/or amending these specific features and setting up appropriate controls and reporting mechanisms for taking appropriate action to mitigate potential conduct of business and conflict of interest risks.

Furthermore, EMKAP UK shall ensure that it has appropriate and transparent reporting lines in place across the firm or group to assist in escalating issues involving risks of non-compliance with the Law, conflicts of interest and conduct of business requirements under the Law.

As a non-SNI firm, the Firm is required to disclose as part of the market discipline requirement under MIFIDPRU rules the basic and standard information about the total number of staff, amount of total fixed and variable remuneration that have been awarded in the relevant year split between material risk takers (MRTs) and non-MRTs, and also provide information on the ex-post adjustments made to variable remuneration.

6.2. Remuneration Policy Principles

Gender neutrality

The Firm's approach is to facilitate competitiveness by paying market-informed, competitive compensation levels for comparable roles and experience, subject to performance. EMKAP UK promotes meritocracy by recognizing individual performance, with particular emphasis on contribution, risk management, ethics and control.

It ensures that the remuneration package for senior employees is suitable to attract the quality and experienced staff. It also provides equal compensation opportunity and does not tolerate any discrimination based on ethnicity, nationality, gender, sexual orientation, gender identity, religion, age, marital or family status, pregnancy, disability – or any other status that is protected by the law.

Risk management policies and practices promoting effective risk management

The Remuneration Committee will assess the risk appetite of the business annually. Risk appetite is the amount of risk an individual or the Firm can absorb. The risk management framework sets out the risk appetite for EMKAP UK.

The idea is to align the risk management framework with the Remuneration. If the action of an employee leads to a breach of risk limits, this might impact their Remuneration. Employees are advised to take risk management principles seriously. A sound risk culture will reflect on the overall risk taking and risk management of the Firm. The risk management framework policy is available to all employees.

EMKAP UK will ensure the following:

- Targets and Key Measures are included in an employees' appraisal and reviewed on interim quarterly basis (for some roles) and on an annual basis for all employees of the Firm;
- Clear risk objectives and the ongoing monitoring and supervision of performance for every employee;
- Non-compliance or actions contrary to the stated risk appetite will not be rewarded;
- Internal Capital and Risk Assessment (ICARA) sets out the company's key risks and how it will manage them. The keys risks and proposed models within the ICARA will be used to determine the variable remuneration per annum. ICARA provides the capital requirement for the present and for the next three years. It will be approved annually by EMKAP UK's Board of Directors. The most important factor in all circumstances is to consider the best interest of the client. The Firm will not implement high variable remuneration if this leads to short terms gains for the firm and at the expense of client.

The variable remuneration will be discretionary and include the possibility to pay no variable remuneration at all. Below are some instances in which this discretion will be applied:

- the Firm may not have performed sufficiently well to pay remuneration;

- the client may not be satisfied with transactions; or
- the behaviour of the employee does not align with the performance or professional ethics criteria as set out in Code of Ethics Policy.

The compliance function will be involved in the design of the remuneration policies and procedures and ensure that there are transparent reporting lines across the firm to assist in escalating issues involving risk of non-compliance.

To ensure that employees are providing suitable advice and quality service to client, compliance department may monitor sales telephone calls, correspondence (incl. Bloomberg chats), sampling trades and behaviours over client portfolios. Business monitoring will support a risk-based approach to sales monitoring, with particular focus on high performing relevant persons. Top and high performers are recognised as higher risks, and additional scrutiny is given to them.

Avoiding conflicts of interest

EMKAP UK ensures that the Policy includes measures to avoid conflicts of interests. To demonstrate this, the variable compensation is not fully correlated to business performance. Instead, the function's variable compensation is determined by the overall performance of the individual and the function against objectives set for each individual and department.

The Remuneration Committee is responsible for advising the Board on the level of compensation to be allocated to every business area. To avoid any potential conflicts arising, the Board ultimately decides the level of compensation to be awarded and to whom.

The Firm has an operational organisation structure in place among policies and procedures designed to prevent conflict of interests which would affect the interests of the client. Any general nature or sources of conflicts of interest will be disclosed to the client before undertaking business on its behalf. The steps are not limited to preventing conflict of interest between the Firm and clients. In terms of remuneration, parties potentially involved in the conflict of interest include managers, all employees, outsourcers and other high performers of the Firm. Please refer to the Conflicts of Interest Policy for further details.

Please note that the following Remuneration patterns that are not being taken into account are business and conduct ethics that appear to create conflicts of interests. These are solely based on:

- meeting a total number of transactions;
- turnover of transactions;
- revenue generated;
- retention of clients with high commissions comparing the market;

- fixed remuneration based on the number of new clients attracted.

The incentive is not to lead employees to act only in the favour of their own or the Firm's interest.

6.3. Performance Based Measurements

The performance criteria include but is not limited to (dependent on role):

- Individual performance against objectives;
- Client satisfaction and interest to keep the business with the Firm, inclusive of recurring transactions of clients;
- Level of transparency with clients as well as speed of provision of services;
- Teamwork in terms of servicing the clients' needs;
- Efficiency in performed duties;
- Contribution towards automation of the Firm processes;
- Behavioural performance; and
- Significant contribution to the growth of the Firm.

Front Office desk should ensure that they are:

- treating clients fairly, for example providing advice or recommendations best suited to meeting the needs of the client;
- recommending the product that carries a reasonable commission/incentive for the Firm rather than a more expensive option that equally meets the needs of the client;
- managing to properly explain the nature of the service being provided to the client, be it at the account opening stage or in subsequent recommendations made to the client;

The criteria will assess the performance and measure the quality of the relevant persons work and behaviour. Performance of the Front Office, for instance, cannot be assessed from just a number of transactions made by the Firm. Quality of the provided services is an essential part of the measurement of the performance of the trading desk and hence will be factored in for the Variable Remuneration payment. By focusing on volume rather than quality, the best outcome for clients per transaction may not be achieved. All assessment must consider the performance of an individual's role as well business unit as a whole.

Material Risk Takers (MRTs) are those individuals whose professional activities have a material impact on the risk profile of the firm or the assets it manages. The employees that should be regarded as material risk takers are the following:

- Are members of the management body (in its management or supervisory function) or of the senior management,
- Have managerial responsibilities for the activities of a control function or for the prevention of money laundering and terrorist financing,
- Have managerial responsibility for a business unit that is carrying on within at least one of the following regulated activities:
 - arranging (bringing about) deals in investments
 - dealing in investments as agent
 - dealing in investments as principal
 - managing investments
 - making investments with a view to transactions in investments
 - advising on investments, except P2P agreements
 - operating an organised trading facility
- Work for a firm with permission to carry on any of the regulated activities mentioned in the above point, and are responsible for managing any of the following:
 - information technology
 - information security
 - the outsourcing arrangements of critical or important functions
- Are responsible for managing a material risk or risk management policies,
- Have authority to take decisions approving or vetoing the introduction of new products.

6.4. Basic and Variable Remuneration Components

All Firm employees and the members of the Board of Directors are eligible for the annual (one-off) variable remuneration, which is determined based on their annual performance appraisal.

Fixed Remuneration

Basic (Fixed) salary remuneration is generally based upon the employee's professional experience and organisational responsibility as set out by their job description and terms of employment. The Firm ensures that the salaries are matching the role and the location of the market, i.e. United Kingdom. All salary bandings are recommended by an outsourced Human Resources department and the final approval for salary levels for all roles is confirmed by the Committee.

Variable remuneration

In addition to the Basic salary pay, employees are entitled to Variable Remuneration subject to the terms of the Policy.

This compensation will be based on the overall performance of the roles included in the Firm's Remuneration Policy.

Variable remuneration shall be based on:

- Incentive Compensation are subject to the Key Measures outlined. Where the Key Measures are not satisfied or partly satisfied, or cause complaint from a client, the formula may be altered upon decision of the Sub-Remuneration Committee during their meeting.
- Discretionary Variable Compensation based on decision of the Management and the Remuneration Committee.

The level of Variable Remuneration granted is entirely at the discretion of the Firm, and may be zero in cases of misconduct, performance below the usual standard or otherwise in the sole discretion of the Firm.

Variable Remuneration will only be made where there is no harm to EMKAP UK's overall financial health. On an annual basis the Board of Directors shall approve the budget for variable remuneration payments. In case of financial difficulties, the Firm reserves the right to distribute Bonuses fully on discretionary basis and/or not to distribute at all.

The Variable Remuneration will not exceed 100% of the annual Basic Salary of the total remuneration of each individual, this is to ensure that no individual is dependent on variable remuneration to an extent likely to encourage to take risks outside the risk appetite of the firm. However, as an exception, the Board of Directors of the Firm may approve a higher level, provided that it does not exceed 200% of the annual Basic Salary.

EMKAP UK must give reasonable notice to all its shareholders or owners or members of its intention to seek approval of the proposed higher level of the variable component of total remuneration.

EMKAP UK must make a detailed recommendation to all its shareholders or owners or members that includes:

- the reasons for, and the scope of, the approval sought;
- the number of staff affected and their functions; and
- the expected impact on the requirement to maintain a sound capital base;

EMKAP UK must:

- without delay, inform the FCA of the recommendation to its shareholders or owners or members, including the proposed higher ratio and the reasons therefore;
- demonstrate to the FCA that the proposed higher ratio does not conflict with its obligations under the UK legislation that implemented the CRD and the UK CRR, having particular regard to the firm's own funds obligations;

EMKAP UK must ensure that employees who have an interest in the proposed higher ratio are not allowed to exercise, directly or indirectly, any voting rights they may have as shareholders or owners or members of the firm in respect of the approval sought; and the higher ratio is approved by a majority of:

- at least 66% of the shares or equivalent ownership rights represented, if at least 50% of the shares or equivalent ownership rights in the firm are represented; or
- at least 75% of the shares or equivalent ownership rights represented, if less than 50% of the shares or equivalent ownership rights in the firm are represented.

EMKAP UK will not be awarding any variable remuneration that consist of shares or equivalent ownership interests at this time as the Board have determined that the size and scale of EMKAP UK does not currently allow for such a strategy. As EMKAP UK grows, should it become appropriate to do so then such a scheme will be applied.

Variable Remuneration shall not be paid by means of instruments or methods that facilitate non-compliance with the rules of management and discipline.

Remuneration and capital

EMKAP UK has implemented remuneration arrangements that are sufficiently flexible to allow for necessary resources being directed towards strengthening the capital base if required.

Balance of fixed and variable components of total remuneration

Relevant Persons are prohibited to be remunerated only with variable components. The Relevant Persons' total Remuneration consists of a fixed component and may include a variable component. Some employees, except the members of the Board of Directors, are also eligible for the annual variable Remuneration.

EMKAP UK shall ensure that the variable component does not exceed 100% of the fixed component of the total Remuneration for each individual.

6.5. Guidelines for termination

EMKAP UK has reviewed all existing contracts to ensure that any early termination payments are subject to approval from the Remuneration Committee. Payments relating to the early termination of a contract reflect performance achieved over time and do not reward failure or misconduct.

Variable Remuneration and/or the pay-out of any deferred or retained Bonus of previous performance periods are possible after the end of their employment with the Firm, subject to approval by the Remuneration Committee, for:

- Employees who retire from employment;
- Employees who are made redundant by the Firm or in mutual agreement between the Firm and the employee.

No Variable Remuneration (neither upfront, nor deferred) has to be paid to the following categories of employees after the termination of the employment with the Firm:

- Employees who ceased employment voluntary or have unilaterally terminated the employment;
- Employees dismissed for if applicable legislation provides for a dismissal for fault;
- Employees dismissed by way of dismissal without notice period;
- Any other reason at the discretion of the Remuneration Committee.

6.6. Clawback

All Incentive Compensation granted, earned or vested, wholly or partly will be subject to a Clawback for a period of at least 7 years from the date on which it was awarded, and it may be extended to 10 years from employees under the Senior Manager Regime in the event of on-going internal/regulatory investigation. The employee will only be subject to a Clawback if they participated in or were held responsible for poor conduct which resulted in significant losses for EMKAP UK.

Discretionary Bonuses based on non-financial measures and Base Salary will not be subject to Clawback triggers include:

- Material restatement of the Firm's financial results;
- Fraud committed by the employee during performance period;
- Misleading information provided by the employee, if such information had or could reasonably have had an impact on the performance assessment;
- Employee engaged in breach of business and ethics conduct that causes material, financial or reputational harm to the Firm;

- If the Incentive Compensation award was based on material misrepresentation by the employee;
- If an employee is terminated for misconduct cause;
- If an employee improperly or with gross negligence failed to identify or raise in a timely manner issues with respect to risks material to the Firm;
- If the Incentive Compensation award was based on materially inaccurate performance metrics;
- If for one calendar year during the vesting period, pre-tax net income is negative, as reported by the Firm.

6.7. Remuneration of Material Risk Takers

The remuneration policy of the Firm is intended to ensure that the Firm will attract and retain the most qualified Senior Management Personnel and Directors. As stated above, the criteria used for determining the remuneration of the Firm's directors are segregated into quantitative and qualitative criteria. The quantitative remuneration criteria mostly rely on numeric and financial data such as the Firm's performance and the individual performance evaluation and ratings of each member of staff whose professional activities affects the risk profile of the firm. In addition to the quantitative criteria, the Firm has put in place qualitative criteria which include compliance with regulatory requirements and internal procedures, fair treatment of clients and client satisfaction.

Moreover, the remuneration of the Firm's non-executive directors is fixed, and it is set at a level that is market aligned and reflects the qualifications and competencies required based on the Firm's size and complexity, the responsibilities and the time that the non-executive directors are expected to consume in order to serve the Firm.

The table below provides information on the remuneration of Executive Directors, Senior Management and other staff whose activities have a material impact on the risk profile of the Firm, broken down by fixed and variable remuneration.

Table 14: Remuneration split of staff whose activities have a material impact on the risk profile of the Firm

Annual Remuneration as at 31 December 2025				
Position	No. of Beneficiaries	Fixed Remuneration \$	Variable Remuneration \$	Aggregated Remuneration \$

Senior Management	3	104,167	4,095	108,262
Other material risk takers	3	80,738	45,582	126,320
Other staff	1	26,214	4,187	30,401
Total	7	211,119	53,864	264,983

The variable to fixed remuneration ratio as at **31 December 2025** was 25.51%.

7. INVESTMENT POLICY (MIFIDPRU 8.7)

Any MIFIDPRU Investment Firm not meeting the conditions in MIFIDPRU 7.1.4R must disclose information on its Investment Policy.

The Firm meets the conditions of MIFIDPRU 7.1.4R(1) since the value of the Firm's on and off-balance sheet items over the preceding 4-year period is a rolling average below £100 million. Therefore, the Firm is not obliged to disclose information on Investment Policy as per the provisions of MIFIDPRU 8.7.