VERSION CONTROL

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| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

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| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Certificates of Deposit |
| **Product description (including risk profile and whether the product is complex or non-complex):** | A certificate issued by a bank to a person depositing money for a specified length of time at a specified rate of interest.  The product is non-complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Retail, Professional Per Se, Professional Elective, Eligible Counterparty. 2. Basic knowledge of relevant financial instruments (a basic investor can make an informed investment decision based on the regulated and authorised offering documentation or with the help of basic information provided by the point of sale). 3. Investors seeking to preserve capital or can bear losses limited to a level specified by the product, generally lower than 20% of the initial amount. 4. Investors can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 5. Pro-preservation investors seeking capital protection.   Negative-target market:   1. As regards the type of client: no requirements. 2. Complete lack of knowledge of relevant financial instruments (cannot make an informed investment decision based on the regulated and authorised offering documentation or with the help of basic information provided by the point of sale). 3. An investor is not willing to accept the risk of losses above 1% of the initial amount. 4. An investor cannot bear losses higher than the level specified by the product, at least above 1% of the initial amount. 5. Spendthrift. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Inflation rate higher than interest rate, early withdrawal penalty.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[1]](#footnote-1)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[2]](#footnote-2) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[3]](#footnote-3).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[4]](#footnote-4); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

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| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

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| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Corporate Bonds |
| **Product description (including risk profile and whether the product is complex or non-complex):** | A bond is a fixed income investment in which an investor loans money to an entity which borrows the funds for a defined period of time at a variable or fixed interest rate. If the issuer has a poor credit rating, the risk of default is greater and these bonds will tend to trade a discount. The longer the bond maturity, or duration, the greater the chances of adverse effects. Longer-dated bonds also tend to have lower liquidity. Also the underlying product and related to it risk influences on the level of the risk of this type of bonds.  The product is non-complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Retail, Professional Per Se, Professional Elective, Eligible Counterparty. 2. Basic knowledge of relevant financial instruments (a basic investor can make an informed investment decision based on the regulated and authorised offering documentation or with the help of basic information provided by the point of sale). 3. Investors seeking to preserve capital or can bear losses limited to a level specified by the product, generally lower than 20% of the initial amount. 4. Investors can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 5. Pro-preservation investors seeking capital protection.   Negative-target market:   1. As regards the type of client: no requirements. 2. Complete lack of knowledge of relevant financial instruments (cannot make an informed investment decision based on the regulated and authorised offering documentation or with the help of basic information provided by the point of sale). 3. An investor is not willing to accept the risk of losses above 1% of the initial amount. 4. An investor cannot bear losses higher than the level specified by the product, at least above 1% of the initial amount. 5. Spendthrift. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Default of the issuer. Higher risks if subordinated debt.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[5]](#footnote-5)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[6]](#footnote-6) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[7]](#footnote-7).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[8]](#footnote-8); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

VERSION CONTROL

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| --- | --- | --- | --- | --- | --- |
| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

|  |  |
| --- | --- |
| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Covered Bonds |
| **Product description (including risk profile and whether the product is complex or non-complex):** | Covered bonds are debt securities issued by a bank or mortgage institution and collateralised against a pool of assets that, in case of failure of the issuer, can cover claims at any point of time. The most common type of asset-backed security is backed by a pool of mortgages.  The product is non-complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Retail, Professional Per Se, Professional Elective, Eligible Counterparty. 2. Basic knowledge of relevant financial instruments (a basic investor can make an informed investment decision based on the regulated and authorised offering documentation or with the help of basic information provided by the point of sale). 3. Investors seeking to preserve capital or can bear losses limited to a level specified by the product, generally lower than 20% of the initial amount. 4. Investors can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 5. Pro-preservation investors seeking capital protection.   Negative-target market:   1. As regards the type of client: no requirements. 2. Complete lack of knowledge of relevant financial instruments (cannot make an informed investment decision based on the regulated and authorised offering documentation or with the help of basic information provided by the point of sale). 3. An investor is not willing to accept the risk of losses above 1% of the initial amount. 4. An investor cannot bear losses higher than the level specified by the product, at least above 1% of the initial amount. 5. Spendthrift. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Default of the issuer, insufficient covered assets.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[9]](#footnote-9)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[10]](#footnote-10) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[11]](#footnote-11).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[12]](#footnote-12); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

VERSION CONTROL

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| --- | --- | --- | --- | --- | --- |
| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

|  |  |
| --- | --- |
| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Depositary Receipts (GDR, ADR) |
| **Product description (including risk profile and whether the product is complex or non-complex):** | A security representing an economic interest in a foreign company that trades like a common share on a domestic stock exchange. Issued by financial institutions. Depositary receipts facilate trading of a company's stock in countries other than the country where the company is located. Referred as Global Depositary Receipts (GDRs) or American Depositary Receipts (ADRs).  The product is non-complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Retail, Professional Per Se, Professional Elective, Eligible Counterparty. 2. Basic knowledge of relevant financial instruments (a basic investor can make an informed investment decision based on the regulated and authorised offering documentation or with the help of basic information provided by the point of sale). 3. Investors seeking to preserve capital or can bear losses limited to a level specified by the product, generally lower than 20% of the initial amount. 4. Investors can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 5. Pro-preservation investors seeking capital protection.   Negative-target market:   1. As regards the type of client: no requirements. 2. Complete lack of knowledge of relevant financial instruments (cannot make an informed investment decision based on the regulated and authorised offering documentation or with the help of basic information provided by the point of sale). 3. An investor is not willing to accept the risk of losses above 1% of the initial amount. 4. An investor cannot bear losses higher than the level specified by the product, at least above 1% of the initial amount. 5. Spendthrift. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Default of the issuer of underlying securities (usually shares).  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[13]](#footnote-13)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[14]](#footnote-14) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[15]](#footnote-15).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[16]](#footnote-16); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

VERSION CONTROL

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| --- | --- | --- | --- | --- | --- |
| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

|  |  |
| --- | --- |
| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Exchange Traded Funds |
| **Product description (including risk profile and whether the product is complex or non-complex):** | An Exchange Traded Fund (ETF) is a basket of securities, shares of which are sold on an exchange. They combine features and potential benefits similar to those of stocks, mutual funds, or bonds. Like individual stocks, ETF shares are traded throughout the day at prices that change based on supply and demand. Like mutual fund shares, ETF shares represent partial ownership of a portfolio that's assembled by professional managers.  The product is non-complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Retail, Professional Per Se, Professional Elective, Eligible Counterparty. 2. Basic knowledge of relevant financial instruments (a basic investor can make an informed investment decision based on the regulated and authorised offering documentation or with the help of basic information provided by the point of sale). 3. Investors seeking to preserve capital or can bear losses limited to a level specified by the product, generally lower than 20% of the initial amount. 4. Investors can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 5. Pro-preservation investors seeking capital protection.   Negative-target market:   1. As regards the type of client: no requirements. 2. Complete lack of knowledge of relevant financial instruments (cannot make an informed investment decision based on the regulated and authorised offering documentation or with the help of basic information provided by the point of sale). 3. An investor is not willing to accept the risk of losses above 1% of the initial amount. 4. An investor cannot bear losses higher than the level specified by the product, at least above 1% of the initial amount. 5. Spendthrift. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Performance of the underlying asset comprising the fund.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[17]](#footnote-17)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[18]](#footnote-18) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[19]](#footnote-19).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[20]](#footnote-20); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

VERSION CONTROL

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| --- | --- | --- | --- | --- | --- |
| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

|  |  |
| --- | --- |
| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Ordinary shares / Preference shares |
| **Product description (including risk profile and whether the product is complex or non-complex):** | Shares are transferable security representing certain amount of ownership in a corporation or financial assets that provide for an equal distribution of any profits, if any are declared, in the form of dividends. This security represents shares in companies where those shares are admitted to trading on a regulated market or an equivalent third-country market.  The product is non-complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Retail, Professional Per Se, Professional Elective, Eligible Counterparty. 2. Basic knowledge of relevant financial instruments (a basic investor can make an informed investment decision based on the regulated and authorised offering documentation or with the help of basic information provided by the point of sale). 3. Investors seeking to preserve capital or can bear losses limited to a level specified by the product, generally lower than 20% of the initial amount. 4. Investors can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 5. Pro-preservation investors seeking capital protection.   Negative-target market:   1. As regards the type of client: no requirements. 2. Complete lack of knowledge of relevant financial instruments (cannot make an informed investment decision based on the regulated and authorised offering documentation or with the help of basic information provided by the point of sale). 3. An investor is not willing to accept the risk of losses above 1% of the initial amount. 4. An investor cannot bear losses higher than the level specified by the product, at least above 1% of the initial amount. 5. Spendthrift. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Default of the issuer of the instrument, illiquidity. If an issuer defaults – ordinary shares holders get paid the last after creditors and preference shares holders. If stock is illiquid – it can be difficult to sell shares or will have to sell for a lower or much lower price, than purchased.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[21]](#footnote-21)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[22]](#footnote-22) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[23]](#footnote-23).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[24]](#footnote-24); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

VERSION CONTROL

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| --- | --- | --- | --- | --- | --- |
| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

|  |  |
| --- | --- |
| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Other public Bonds |
| **Product description (including risk profile and whether the product is complex or non-complex):** | A bond is a fixed income investment in which an investor loans money to a local, regional government body or governmental agency, which borrows the funds for a defined period of time at a variable or fixed interest rate. If the issuer has a poor credit rating, the risk of default is greater and these bonds will tend to trade a discount. The longer the bond maturity, or duration, the greater the chances of adverse effects. Longer-dated bonds also tend to have lower liquidity. Also the underlying product and related to it risk influences on the level of the risk of this type of bonds.  The product is non-complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Retail, Professional Per Se, Professional Elective, Eligible Counterparty. 2. Basic knowledge of relevant financial instruments (a basic investor can make an informed investment decision based on the regulated and authorised offering documentation or with the help of basic information provided by the point of sale). 3. Investors seeking to preserve capital or can bear losses limited to a level specified by the product, generally lower than 20% of the initial amount. 4. Investors can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 5. Pro-preservation investors seeking capital protection.   Negative-target market:   1. As regards the type of client: no requirements. 2. Complete lack of knowledge of relevant financial instruments (cannot make an informed investment decision based on the regulated and authorised offering documentation or with the help of basic information provided by the point of sale). 3. An investor is not willing to accept the risk of losses above 1% of the initial amount. 4. An investor cannot bear losses higher than the level specified by the product, at least above 1% of the initial amount. 5. Spendthrift. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Default of the issuer of the instrument.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[25]](#footnote-25)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[26]](#footnote-26) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[27]](#footnote-27).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[28]](#footnote-28); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

VERSION CONTROL

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| --- | --- | --- | --- | --- | --- |
| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

|  |  |
| --- | --- |
| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Sovereign (government) Bonds |
| **Product description (including risk profile and whether the product is complex or non-complex):** | A bond is a fixed income investment in which an investor loans money to a central goverment, which borrows the funds for a defined period of time at a variable or fixed interest rate. If the issuer has a poor credit rating, the risk of default is greater and these bonds will tend to trade a discount. The longer the bond maturity, or duration, the greater the chances of adverse effects. Longer-dated bonds also tend to have lower liquidity. Also the underlying product and related to it risk influences on the level of the risk of this type of bonds  Examples of such bonds are Treasury securities or Treasuries (issued by US government), Kiwi Bonds - New Zealand government, Gilts - UK government, Bunds - German government or OATs - French government.  The product is non-complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Retail, Professional Per Se, Professional Elective, Eligible Counterparty. 2. Basic knowledge of relevant financial instruments (a basic investor can make an informed investment decision based on the regulated and authorised offering documentation or with the help of basic information provided by the point of sale). 3. Investors seeking to preserve capital or can bear losses limited to a level specified by the product, generally lower than 20% of the initial amount. 4. Investors can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 5. Pro-preservation investors seeking capital protection.   Negative-target market:   1. As regards the type of client: no requirements. 2. Complete lack of knowledge of relevant financial instruments (cannot make an informed investment decision based on the regulated and authorised offering documentation or with the help of basic information provided by the point of sale). 3. An investor is not willing to accept the risk of losses above 1% of the initial amount. 4. An investor cannot bear losses higher than the level specified by the product, at least above 1% of the initial amount. 5. Spendthrift. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Default of the issuer of the instrument.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[29]](#footnote-29)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[30]](#footnote-30) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[31]](#footnote-31).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[32]](#footnote-32); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

VERSION CONTROL

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| --- | --- | --- | --- | --- | --- |
| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

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| --- | --- |
| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Bond futures / forwards |
| **Product description (including risk profile and whether the product is complex or non-complex):** | Bond futures are financial derivatives which obligate the contract holder to purchase or sell a bond on a specified date at a predetermined price. A bond future can be bought in a futures exchange market and the prices and dates are determined at the time the future is purchased.  The product is complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Professional Per Se, Professional Elective, Eligible Counterparty. 2. Informed investors – investors having the following characteristics:    1. average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only);    2. some financial industry experience. 3. Investor is willing to accept the risk of losses of the entire investment or initial amount. 4. Investors willing to accept large fluctuations in price and returns. 5. Hedging, speculation.   Negative-target market:   1. Retail. 2. Investors having the following characteristics:    * lack of average knowledge of relevant financial products (an investor cannot make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them); and    * missing financial industry experience. 3. Investor can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 4. Investor cannot bear losses higher that the level specified by the product, generally above 20% of the initial amount. 5. Pro-preservation investors seeking capital protection . |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Market move against the position.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[33]](#footnote-33)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[34]](#footnote-34) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[35]](#footnote-35).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[36]](#footnote-36); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

VERSION CONTROL

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| --- | --- | --- | --- | --- | --- |
| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

|  |  |
| --- | --- |
| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Convertible Bonds |
| **Product description (including risk profile and whether the product is complex or non-complex):** | A convertible bond is a type of debt security that provides an investor with a right or an obligation to exchange the bond for a predetermined number of shares in the issuing company at certain times of a bond’s lifetime. A convertible bond is a hybrid security that possesses the features of both debt and equity.  The product is complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Professional Per Se, Professional Elective, Eligible Counterparty. 2. Informed investors – investors having the following characteristics:    1. average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only);    2. some financial industry experience. 3. Investor is willing to accept the risk of losses of the entire investment or initial amount. 4. Investors willing to accept large fluctuations in price and returns. 5. Growth investors, who typically seek capital appreciation.   Negative-target market:   1. Retail. 2. Investors having the following characteristics:    * lack of average knowledge of relevant financial products (an investor cannot make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them); and    * missing financial industry experience. 3. Investor can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 4. Investor cannot bear losses higher that the level specified by the product, generally above 20% of the initial amount. 5. Pro-preservation investors seeking capital protection. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | The issuing company has the right to call the bonds before the call date.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[37]](#footnote-37)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[38]](#footnote-38) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[39]](#footnote-39).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[40]](#footnote-40); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

VERSION CONTROL

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| --- | --- | --- | --- | --- | --- |
| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

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| --- | --- |
| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Deliverable forward (DF) |
| **Product description (including risk profile and whether the product is complex or non-complex):** | Deliverable Forward exchange contract is a binding obligation for a physical exchange of funds at a future date at an agreed on rate. There is no payment upfront.  The product is complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Professional Per Se, Professional Elective, Eligible Counterparty. 2. Informed investors – investors having the following characteristics:    1. average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only);    2. some financial industry experience. 3. Investor is willing to accept the risk of losses of the entire investment or initial amount. 4. Investors willing to accept large fluctuations in price and returns. 5. Hedging, speculation.   Negative-target market:   1. Retail. 2. Investors having the following characteristics:    * lack of average knowledge of relevant financial products (an investor cannot make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them); and    * missing financial industry experience. 3. Investor can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 4. Investor cannot bear losses higher that the level specified by the product, generally above 20% of the initial amount. 5. Pro-preservation investors seeking capital protection. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Counterparty risk.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[41]](#footnote-41)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[42]](#footnote-42) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[43]](#footnote-43).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[44]](#footnote-44); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

VERSION CONTROL

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| --- | --- | --- | --- | --- | --- |
| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

|  |  |
| --- | --- |
| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Deliverable FX options (DO) |
| **Product description (including risk profile and whether the product is complex or non-complex):** | The right (but not the obligation) to buy ("call") or to sell ("put") a specific quantity of a specific underlying asset, at a fixed price, on, or up to, a specified date.  The product is complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Professional Per Se, Professional Elective, Eligible Counterparty. 2. Informed investors – investors having the following characteristics:    1. average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only);    2. some financial industry experience. 3. Investor is willing to accept the risk of losses of the entire investment or initial amount. 4. Investors willing to accept large fluctuations in price and returns. 5. Hedging, speculation.   Negative-target market:   1. Retail. 2. Investors having the following characteristics:    * lack of average knowledge of relevant financial products (an investor cannot make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them); and    * missing financial industry experience. 3. Investor can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 4. Investor cannot bear losses higher that the level specified by the product, generally above 20% of the initial amount. 5. Pro-preservation investors seeking capital protection. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Market move against the position.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[45]](#footnote-45)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[46]](#footnote-46) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[47]](#footnote-47).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[48]](#footnote-48); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

VERSION CONTROL

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| --- | --- | --- | --- | --- | --- |
| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

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| --- | --- |
| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Energy Commodity futures / forwards |
| **Product description (including risk profile and whether the product is complex or non-complex):** | A commodity futures contract is an agreement to buy or sell a predetermined amount of a commodity at a specific price on a specific date in the future. Buyers use such contracts to avoid the risks associated with the price fluctuations of a futures' underlying product or raw material.  The product is complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Professional Per Se, Professional Elective, Eligible Counterparty. 2. Informed investors – investors having the following characteristics:    1. average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only);    2. some financial industry experience. 3. Investor is willing to accept the risk of losses of the entire investment or initial amount. 4. Investors willing to accept large fluctuations in price and returns. 5. Hedging, speculation.   Negative-target market:   1. Retail. 2. Investors having the following characteristics:    * lack of average knowledge of relevant financial products (an investor cannot make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them); and    * missing financial industry experience. 3. Investor can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 4. Investor cannot bear losses higher that the level specified by the product, generally above 20% of the initial amount. 5. Pro-preservation investors seeking capital protection. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Market move against the position.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[49]](#footnote-49)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[50]](#footnote-50) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[51]](#footnote-51).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[52]](#footnote-52); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

VERSION CONTROL

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| --- | --- | --- | --- | --- | --- |
| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

|  |  |
| --- | --- |
| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Energy commodity options |
| **Product description (including risk profile and whether the product is complex or non-complex):** | The right (but not the obligation) to buy ("call") or to sell ("put") a specific quantity of a specific underlying asset, at a fixed price, on, or up to, a specified date.  The product is complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Professional Per Se, Professional Elective, Eligible Counterparty. 2. Informed investors – investors having the following characteristics:    1. average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only);    2. some financial industry experience. 3. Investor is willing to accept the risk of losses of the entire investment or initial amount. 4. Investors willing to accept large fluctuations in price and returns. 5. Hedging, speculation.   Negative-target market:   1. Retail. 2. Investors having the following characteristics:    * lack of average knowledge of relevant financial products (an investor cannot make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them); and    * missing financial industry experience. 3. Investor can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 4. Investor cannot bear losses higher that the level specified by the product, generally above 20% of the initial amount. 5. Pro-preservation investors seeking capital protection. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Market move against the position. Selling options is a more advanced trading strategy than buying options. When purchasing options, the maximum risk is the purchase price and the profit is unlimited to the upside. However, when selling an option, the maximum profit is the sale price and the risk is unlimited. An investor should be very careful and very educated before selling options.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[53]](#footnote-53)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[54]](#footnote-54) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[55]](#footnote-55).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[56]](#footnote-56); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

VERSION CONTROL

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| --- | --- | --- | --- | --- | --- |
| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

|  |  |
| --- | --- |
| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | ETF options |
| **Product description (including risk profile and whether the product is complex or non-complex):** | The right (but not the obligation) to buy ("call") or to sell ("put") a specific quantity of a specific underlying asset, at a fixed price, on, or up to, a specified date.  The product is complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Professional Per Se, Professional Elective, Eligible Counterparty. 2. Informed investors – investors having the following characteristics:    1. average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only);    2. some financial industry experience. 3. Investor is willing to accept the risk of losses of the entire investment or initial amount. 4. Investors willing to accept large fluctuations in price and returns. 5. Hedging, speculation.   Negative-target market:   1. Retail. 2. Investors having the following characteristics:    * lack of average knowledge of relevant financial products (an investor cannot make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them); and    * missing financial industry experience. 3. Investor can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 4. Investor cannot bear losses higher that the level specified by the product, generally above 20% of the initial amount. 5. Pro-preservation investors seeking capital protection. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Market move against the position. Selling options is a more advanced trading strategy than buying options. When purchasing options, the maximum risk is the purchase price and the profit is unlimited to the upside. However, when selling an option, the maximum profit is the sale price and the risk is unlimited. An investor should be very careful and very educated before selling options.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[57]](#footnote-57)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[58]](#footnote-58) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[59]](#footnote-59).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[60]](#footnote-60); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

VERSION CONTROL

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| --- | --- | --- | --- | --- | --- |
| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

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| --- | --- |
| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Exchange Traded Commodities |
| **Product description (including risk profile and whether the product is complex or non-complex):** | Exchange Traded Commodities (ETCs) are investment vehicles (asset backed bonds) that track the performance of an underlying commodity index including total return indices based on a single commodity. The performance of an ETC is based either on the spot price (price for the immediate supply) or the future price (price for the supply in the future) of a single commodity or a basket of commodities.  The product is complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Professional Per Se, Professional Elective, Eligible Counterparty. 2. Informed investors – investors having the following characteristics:    1. average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only);    2. some financial industry experience. 3. Investor is willing to accept the risk of losses of the entire investment or initial amount. 4. Investors willing to accept large fluctuations in price and returns. 5. Pro-preservation investors seeking capital protection.   Negative-target market:   1. Retail. 2. Investors having the following characteristics:    * lack of average knowledge of relevant financial products (an investor cannot make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them); and    * missing financial industry experience. 3. Investor can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 4. Investor cannot bear losses higher that the level specified by the product, generally above 20% of the initial amount. 5. Spendthrift. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Commodity price volatility.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[61]](#footnote-61)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[62]](#footnote-62) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[63]](#footnote-63).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[64]](#footnote-64); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

VERSION CONTROL

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| --- | --- | --- | --- | --- | --- |
| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

|  |  |
| --- | --- |
| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Exchange Traded Notes |
| **Product description (including risk profile and whether the product is complex or non-complex):** | Exchange Traded Notes (ETNs) are debt notes issued by a bank. ETNs are structured as unsecured debt. Investors are effectively lending money to the provider in exchange for the commitment to provide a return tied to an index.  The product is complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Professional Per Se, Professional Elective, Eligible Counterparty. 2. Informed investors – investors having the following characteristics:    1. average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only);    2. some financial industry experience. 3. Investor is willing to accept the risk of losses of the entire investment or initial amount. 4. Investors willing to accept large fluctuations in price and returns. 5. Growth investors, who typically seek capital appreciation.   Negative-target market:   1. Retail. 2. Investors having the following characteristics:    * lack of average knowledge of relevant financial products (an investor cannot make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them); and    * missing financial industry experience. 3. Investor can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 4. Investor cannot bear losses higher that the level specified by the product, generally above 20% of the initial amount. 5. Pro-preservation investors seeking capital protection. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Default of the issuer of the instrument.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[65]](#footnote-65)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[66]](#footnote-66) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[67]](#footnote-67).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[68]](#footnote-68); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

CONTROL

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| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

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| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | FX futures |
| **Product description (including risk profile and whether the product is complex or non-complex):** | A forex future is an exchange-traded contract to buy or sell a specified amount of a given currency at a predetermined price on a set date in the future. All forex futures are written with a specific termination date, at which point delivery of the currency must occur unless an offsetting trade is made on the initial position.  The product is complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Professional Per Se, Professional Elective, Eligible Counterparty. 2. Informed investors – investors having the following characteristics:    1. average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only);    2. some financial industry experience. 3. Investor is willing to accept the risk of losses of the entire investment or initial amount. 4. Investors willing to accept large fluctuations in price and returns. 5. Hedging, speculation.   Negative-target market:   1. Retail. 2. Investors having the following characteristics:    * lack of average knowledge of relevant financial products (an investor cannot make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them); and    * missing financial industry experience. 3. Investor can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 4. Investor cannot bear losses higher that the level specified by the product, generally above 20% of the initial amount. 5. Pro-preservation investors seeking capital protection. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Market move against the position.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[69]](#footnote-69)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[70]](#footnote-70) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[71]](#footnote-71).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[72]](#footnote-72); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

VERSION CONTROL

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| --- | --- | --- | --- | --- | --- |
| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

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| --- | --- |
| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Metal Commodity futures / forwards on MTF / OTF |
| **Product description (including risk profile and whether the product is complex or non-complex):** | A commodity futures contract is an agreement to buy or sell a predetermined amount of a commodity at a specific price on a specific date in the future. Buyers use such contracts to avoid the risks associated with the price fluctuations of a futures' underlying product or raw material.  The product is complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Professional Per Se, Professional Elective, Eligible Counterparty. 2. Informed investors – investors having the following characteristics:    1. average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only);    2. some financial industry experience. 3. Investor is willing to accept the risk of losses of the entire investment or initial amount. 4. Investors willing to accept large fluctuations in price and returns. 5. Hedging, speculation.   Negative-target market:   1. Retail. 2. Investors having the following characteristics:    * lack of average knowledge of relevant financial products (an investor cannot make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them); and    * missing financial industry experience. 3. Investor can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 4. Investor cannot bear losses higher that the level specified by the product, generally above 20% of the initial amount. 5. Pro-preservation investors seeking capital protection. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Market move against the position.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 July 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[73]](#footnote-73)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[74]](#footnote-74) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[75]](#footnote-75).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[76]](#footnote-76); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

VERSION CONTROL

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| --- | --- | --- | --- | --- | --- |
| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

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| --- | --- |
| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Metal Commodity futures / forwards |
| **Product description (including risk profile and whether the product is complex or non-complex):** | A commodity futures contract is an agreement to buy or sell a predetermined amount of a commodity at a specific price on a specific date in the future. Buyers use such contracts to avoid the risks associated with the price fluctuations of a futures' underlying product or raw material.  The product is complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Professional Per Se, Professional Elective, Eligible Counterparty. 2. Informed investors – investors having the following characteristics:    1. average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only);    2. some financial industry experience. 3. Investor is willing to accept the risk of losses of the entire investment or initial amount. 4. Investors willing to accept large fluctuations in price and returns. 5. Hedging, speculation.   Negative-target market:   1. Retail. 2. Investors having the following characteristics:    * lack of average knowledge of relevant financial products (an investor cannot make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them); and    * missing financial industry experience. 3. Investor can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 4. Investor cannot bear losses higher that the level specified by the product, generally above 20% of the initial amount. 5. Pro-preservation investors seeking capital protection. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Market move against the position.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[77]](#footnote-77)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[78]](#footnote-78) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[79]](#footnote-79).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[80]](#footnote-80); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

sVERSION CONTROL

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| --- | --- | --- | --- | --- | --- |
| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

|  |  |
| --- | --- |
| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Metal Commodity options |
| **Product description (including risk profile and whether the product is complex or non-complex):** | The right (but not the obligation) to buy ("call") or to sell ("put") a specific quantity of a specific underlying asset, at a fixed price, on, or up to, a specified date.  The product is complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Professional Per Se, Professional Elective, Eligible Counterparty. 2. Informed investors – investors having the following characteristics:    1. average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only);    2. some financial industry experience. 3. Investor is willing to accept the risk of losses of the entire investment or initial amount. 4. Investors willing to accept large fluctuations in price and returns. 5. Hedging, speculation.   Negative-target market:   1. Retail. 2. Investors having the following characteristics:    * lack of average knowledge of relevant financial products (an investor cannot make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them); and    * missing financial industry experience. 3. Investor can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 4. Investor cannot bear losses higher that the level specified by the product, generally above 20% of the initial amount. 5. Pro-preservation investors seeking capital protection. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Market move against the position. Selling options is a more advanced trading strategy than buying options. When purchasing options, the maximum risk is the purchase price and the profit is unlimited to the upside. However, when selling an option, the maximum profit is the sale price and the risk is unlimited. An investor should be very careful and very educated before selling options.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[81]](#footnote-81)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[82]](#footnote-82) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[83]](#footnote-83).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[84]](#footnote-84); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

VERSION CONTROL

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| --- | --- | --- | --- | --- | --- |
| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

|  |  |
| --- | --- |
| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Non-deliverable forward (NDF) |
| **Product description (including risk profile and whether the product is complex or non-complex):** | Non-deliverable forward contracts help to protect margins and manage the risk involved in receiving and making payments in currencies with trading restrictions, including non-convertible currencies.  The product is complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Professional Per Se, Professional Elective, Eligible Counterparty. 2. Informed investors – investors having the following characteristics:    1. average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only);    2. some financial industry experience. 3. Investor is willing to accept the risk of losses of the entire investment or initial amount. 4. Investors willing to accept large fluctuations in price and returns. 5. Hedging, speculation.   Negative-target market:   1. Retail. 2. Investors having the following characteristics:    * lack of average knowledge of relevant financial products (an investor cannot make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them); and    * missing financial industry experience. 3. Investor can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 4. Investor cannot bear losses higher that the level specified by the product, generally above 20% of the initial amount. 5. Pro-preservation investors seeking capital protection. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Counterparty risk.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[85]](#footnote-85)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[86]](#footnote-86) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[87]](#footnote-87).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[88]](#footnote-88); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

VERSION CONTROL

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| --- | --- | --- | --- | --- | --- |
| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

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| --- | --- |
| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Stock index futures / forwards |
| **Product description (including risk profile and whether the product is complex or non-complex):** | Index futures are futures contracts on a stock or financial index. Index futures are based on an underlying index. An index tracks the price of an asset or group of assets.  The product is complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Professional Per Se, Professional Elective, Eligible Counterparty. 2. Informed investors – investors having the following characteristics:    1. average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only);    2. some financial industry experience. 3. Investor is willing to accept the risk of losses of the entire investment or initial amount. 4. Investors willing to accept large fluctuations in price and returns. 5. Hedging, speculation.   Negative-target market:   1. Retail. 2. Investors having the following characteristics:    * lack of average knowledge of relevant financial products (an investor cannot make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them); and    * missing financial industry experience. 3. Investor can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 4. Investor cannot bear losses higher that the level specified by the product, generally above 20% of the initial amount. 5. Pro-preservation investors seeking capital protection. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Market move against the position.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[89]](#footnote-89)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[90]](#footnote-90) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[91]](#footnote-91).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[92]](#footnote-92); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

VERSION CONTROL

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| --- | --- | --- | --- | --- | --- |
| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

|  |  |
| --- | --- |
| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Stock index option |
| **Product description (including risk profile and whether the product is complex or non-complex):** | The right (but not the obligation) to buy ("call") or to sell ("put") a specific quantity of a specific underlying asset, at a fixed price, on, or up to, a specified date.  The product is complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Professional Per Se, Professional Elective, Eligible Counterparty. 2. Informed investors – investors having the following characteristics:    1. average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only);    2. some financial industry experience. 3. Investor is willing to accept the risk of losses of the entire investment or initial amount. 4. Investors willing to accept large fluctuations in price and returns. 5. Hedging, speculation.   Negative-target market:   1. Retail. 2. Investors having the following characteristics:    * lack of average knowledge of relevant financial products (an investor cannot make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them); and    * missing financial industry experience. 3. Investor can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 4. Investor cannot bear losses higher that the level specified by the product, generally above 20% of the initial amount. 5. Pro-preservation investors seeking capital protection. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Market move against the position. Selling options is a more advanced trading strategy than buying options. When purchasing options, the maximum risk is the purchase price and the profit is unlimited to the upside. However, when selling an option, the maximum profit is the sale price and the risk is unlimited. An investor should be very careful and very educated before selling options.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[93]](#footnote-93)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[94]](#footnote-94) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[95]](#footnote-95).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[96]](#footnote-96); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

VERSION CONTROL

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| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

|  |  |
| --- | --- |
| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Stock options |
| **Product description (including risk profile and whether the product is complex or non-complex):** | The right (but not the obligation) to buy ("call") or to sell ("put") a specific quantity of a specific underlying asset, at a fixed price, on, or up to, a specified date.  The product is complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Professional Per Se, Professional Elective, Eligible Counterparty. 2. Informed investors – investors having the following characteristics:    1. average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only);    2. some financial industry experience. 3. Investor is willing to accept the risk of losses of the entire investment or initial amount. 4. Investors willing to accept large fluctuations in price and returns. 5. Hedging, speculation.   Negative-target market:   1. Retail. 2. Investors having the following characteristics:    * lack of average knowledge of relevant financial products (an investor cannot make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them); and    * missing financial industry experience. 3. Investor can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 4. Investor cannot bear losses higher that the level specified by the product, generally above 20% of the initial amount. 5. Pro-preservation investors seeking capital protection. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Market move against the position. Selling options is a more advanced trading strategy than buying options. When purchasing options, the maximum risk is the purchase price and the profit is unlimited to the upside. However, when selling an option, the maximum profit is the sale price and the risk is unlimited. An investor should be very careful and very educated before selling options.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[97]](#footnote-97)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[98]](#footnote-98) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[99]](#footnote-99).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[100]](#footnote-100); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

VERSION CONTROL

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| --- | --- | --- | --- | --- | --- |
| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

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| --- | --- |
| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Volatility index futures / forwards |
| **Product description (including risk profile and whether the product is complex or non-complex):** | Volatility index (VIX) futures provide market participants with the ability to trade a liquid volatility product based on the VIX Index methodology. VIX futures reflect the market's estimate of the value of the VIX Index on various expiration dates in the future. Monthly and weekly expirations are available. VIX futures provide market participants with a variety of opportunities to implement their view using volatility trading strategies, including risk management, alpha generation and portfolio diversification.  The product is complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Professional Per Se, Professional Elective, Eligible Counterparty. 2. Informed investors – investors having the following characteristics:    1. average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only);    2. some financial industry experience. 3. Investor is willing to accept the risk of losses of the entire investment or initial amount. 4. Investors willing to accept large fluctuations in price and returns. 5. Hedging, speculation.   Negative-target market:   1. Retail. 2. Investors having the following characteristics:    * lack of average knowledge of relevant financial products (an investor cannot make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them); and    * missing financial industry experience. 3. Investor can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 4. Investor cannot bear losses higher that the level specified by the product, generally above 20% of the initial amount. 5. Pro-preservation investors seeking capital protection. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Market move against the position.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[101]](#footnote-101)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[102]](#footnote-102) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[103]](#footnote-103).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[104]](#footnote-104); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

VERSION CONTROL

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| --- | --- | --- | --- | --- | --- |
| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

|  |  |
| --- | --- |
| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Volatility index option |
| **Product description (including risk profile and whether the product is complex or non-complex):** | The right (but not the obligation) to buy ("call") or to sell ("put") a specific quantity of a specific underlying asset, at a fixed price, on, or up to, a specified date.  The product is complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Professional Per Se, Professional Elective, Eligible Counterparty. 2. Informed investors – investors having the following characteristics:    1. average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only);    2. some financial industry experience. 3. Investor is willing to accept the risk of losses of the entire investment or initial amount. 4. Investors willing to accept large fluctuations in price and returns. 5. Hedging, speculation.   Negative-target market:   1. Retail. 2. Investors having the following characteristics:    * lack of average knowledge of relevant financial products (an investor cannot make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them); and    * missing financial industry experience. 3. Investor can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 4. Investor cannot bear losses higher that the level specified by the product, generally above 20% of the initial amount. 5. Pro-preservation investors seeking capital protection. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Market move against the position. Selling options is a more advanced trading strategy than buying options. When purchasing options, the maximum risk is the purchase price and the profit is unlimited to the upside. However, when selling an option, the maximum profit is the sale price and the risk is unlimited. An investor should be very careful and very educated before selling options.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[105]](#footnote-105)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[106]](#footnote-106) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[107]](#footnote-107).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial instruments; 2. assigned by third-party providers of ESG rating[[108]](#footnote-108); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

VERSION CONTROL

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| --- | --- | --- | --- | --- | --- |
| **No** | **Revision Date** | **Revision Description** | **Author** | **Approved By** | **Distribution Date** |
|  | 30.06.2023 | Created as an Appendix to Product Governance Policy approved on the same date | AMLCO, MiFID Compliance Officer, Head of Legal Department | Board of Directors | 30.06.2023 |

|  |  |
| --- | --- |
| 1. PRODUCT ANALYSIS | |
| **Name and Type of the Product:** | Other |
| **Product description (including risk profile and whether the product is complex or non-complex):** | Chicago Mercantile Exchange's (CME) Bitcoin futures contract, ticker symbol BTC, is a USD cash-settled contract based on the CME CF Bitcoin Reference Rate (BRR), which serves as a once-a-day reference rate of the U.S. dollar price of bitcoin. The BRR aggregates the trade flow of major bitcoin spot exchanges during a one-hour calculation window into the U.S. dollar price of one bitcoin as of 4 p.m. Greenwich Mean Time (GMT).  The product is complex. |
| **Information on Costs and Charges:** | Fees of the Company are available in the Execution Fee Schedule on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). Third parties’ charges can be provided in detail at the request of the client. |
| **Conflicts of interest:**  Do any conflicts of interest exist? and if so, how are these managed by the Company? | General provisions of the Conflicts of Interest Policy of the Company apply, which is available on the website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy).  The Company reviewed the characteristics of the product and has not identified any particular Conflict associated with the specific Financial Instrument, i.e. the Product is not issued by an Issuer that the Company has any ownership rights or financial dependencies/ revenue associations. There is no correlation between any results of the trading activity of the Client and the Company’s profitability.  Also in terms of product and relationship with the prime broker, the Company does not receive any payments for order flow. However, the Company may provide a manufacturer with information on sales of a financial instrument, as part of its product governance obligations.  The Company earns a “transaction fee” based on the client's turnover which is disclosed to the client in advance and is calculated and charged consistently (no preferential treatment is allowed) and no “direct sales” are permitted for the Company’s products. Additionally, the execution team is segregated from any other teams that recommend or submit orders as part of a Portfolio Management (investment) strategy.  The Company has no direct manufacturer-distributor relationship, and no incentives to advise or deal with a financial instrument of a certain manufacturer.  More details are explained in the Conflicts of Interest Policy of the Company. |
| **Describe the product’s positive target market:**  The target market is defined based on the five categories below:   1. Type of client to whom the Product is targeted; 2. Knowledge and experience of the client; 3. Financial situation with a focus on their ability to bear losses; 4. Risk tolerance and compatibility of the risk/reward profile of the Product with the target markets; 5. Client Objectives and Needs.   Describe the Clients who should not invest (the ‘*negative-target market*’) and explain what steps are taken to ensure that the Product will not be sold inadvertently or otherwise to the negative target market.  **Note: *Please refer to the Company’s Product Governance Policy for a detailed analysis of the information required under this section. Appendixes to the Policy provide such information for certain instruments.*** | Positive-target market:   1. Professional Per Se, Professional Elective, Eligible Counterparty. 2. Informed investors – investors having the following characteristics:    1. average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only);    2. some financial industry experience. 3. Investor is willing to accept the risk of losses of the entire investment or initial amount. 4. Investors willing to accept large fluctuations in price and returns. 5. Hedging, speculation.   Negative-target market:   1. Retail. 2. Investors having the following characteristics:    * lack of average knowledge of relevant financial products (an investor cannot make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them); and    * missing financial industry experience. 3. Investor can bear losses limited to a level specified by the product, but not higher than 20% of the initial amount. 4. Investor cannot bear losses higher that the level specified by the product, generally above 20% of the initial amount. 5. Pro-preservation investors seeking capital protection. |
| **State if the Company is considered as a Manufacturer (***A manufacturer creates, develops, issues and/or designs the Product***):**   * **Yes** * **No** | No. The manufacturer may be disclosed to the client at request, if not indicated in the parameters of a financial instrument. |
| **If not Manufacturer, state if the Company is a Distributor** (*A distributor offers and/or recommends an investment Product or service*):   * **Yes** * **No** | Yes |
| Product components: (if applicable, identify Product components and risks associated with each component)  Scenario Analysis of the Product:  (Undertake a Scenario analysis of the Product. These tests shall assess the risk of poor client outcomes posted by the Product and what circumstances might cause these outcomes to occur.)  Assess the Product under negative conditions, taking into account various factors such as stress testing and reliability of data/ assumptions.  For example, examine what would happen if:   * 1. the market environment deteriorated;   2. the Company or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;   3. the financial instrument fails to become commercially viable; or   4. the demand for the financial instrument is much higher than anticipated, putting a strain on the Company’s resources and/or on the market of the underlying instrument. | Since the Company is not considered a manufacturer of this financial product, the Company does not perform a scenario analysis. The company replicates indicated parameters of a financial instrument as these are set by the manufacturer of the financial instrument. |
| **Distribution Strategy:**  (explain the distribution strategy of the Product, including the services through which the product will be offered to the identified target market) | The company does not create, develop, issue and/or design financial instruments. The company aligns its distribution strategy with the strategy as set out by the manufacturer of a financial instrument. The Company may use the financial instruments in the course of provision of awhole array of services to which it is entitled by its license.  The company distributes financial instruments itself without the engagement of third parties. The complete process of distribution is internally managed and controlled.  The Company distributes and makes available financial instruments to a client in the course of the provision of services envisaged in an Investment Services Agreement and/or a Portfolio Management Agreement. A distribution strategy relies on matching a target market of a financial instrument and the complex or non-complex nature of the financial instrument. To the extent possible the Company relies on a target market envisaged by its manufacturer of the financial instrument. Some types of financial instruments are only available only to retail clients, others – only to professional clients and eligible counterparties.  The distribution strategy may be adjusted in accordance with:   1. client’s investor profile established with the Company in accordance with its Client Categorization Policy; 2. suitability and appropriateness tests of a client; 3. risk appetite, investment goals, deposited funds of a client; 4. suitability related objectives of a client (certain part of green bonds in a portfolio, presence of sustainability disclosure by a manufacturer of a financial instrument, etc.); 5. other particular requirements of a client; 6. other factors set out in section 6.3 and other provisions of the Product Governance Policy. For example, the client’s Portfolio Management (investment) strategy may deviate from the non-retail target market of a financial instrument, which makes the client eligible for the instrument. |
| If the Company is using third parties to distribute the Product, then describe the means used to determine that the distributor(s) has the proper level of sophistication to be able to understand the characteristics and identified the target market(s) of each Product. | N/a. |
| **Key risks:** | Market move against the position.  Section 8 of this Form includes a description of general trading risks.  A more comprehensive description of the risks associated with this product is found in the Company’s Risk Disclosure Statement, as amended from time to time.  The following factors may influence liquidity and price fluctuations of the instrument:   * level of free float, concentration of ownership; * number and size of listed issuers and instruments; * number, size, and investment strategies of members of a trading venue; * time of an order in relation to a trading day of a trading venue; * size of a lot of the instrument; * track record of payments under the instrument; * disruptions in market infrastructure and services of intermediaries; * decisions of the trading venue or an authority to restrict or block trading with the instrument. |
| 1. LEGAL ANALYSIS | |
| **Training to employees (date):**  (Specify the department(s) that will undergo training, the type and timing of training that will be provided to all relevant employees) | Employees of the Company registered in the Certification Registers of the Cyprus Securities and Exchange Commission are subject to annual training until Continuous Professional Development (CPDs) hours are attained. Other employees are subject to training on subjects and in periods of time prescribed by policies, internal rules and manuals of the Company.  All employees involved in the distribution of a product will undergo training with respect to a product as follows:   * specific training about a product commences when the Board of Directors approves/decides that the product will become available for transactions through the Company; * spans the entire life cycle of the product; * ceases upon the retirement of a financial instrument, e.g. when it is no longer available for transactions through the Company and the instrument ceases to be in the portfolio of the Company’s clients whichever is later.   Training consists of some or all of the following subjects:   * terms and conditions of a product; * product or stress testing of the product inventory for all business lines; * reassessment and management of risks, conflict of interest; * distribution channels and intermediaries involved in the delivery of a product; * distributor responsibilities in the light of the client’s category and investment strategy, target market, avoidance of mis-selling; * understand the structures, approaches and tasks required to achieve reasonably safe product governance, understand what the Cyprus Securities and Exchange Commission is doing in this space, know the basics of how to develop and maintain safely products regulated by the Cyprus Securities and Exchange Commission and distribute them and understand the rules applicable to these activities; * informing on best practices, sharing developing trends and developments in product governance; * ongoing review of the product, discussions on the application of this Product Analysis and Review Form, suggestions on keeping it up to date; * questions and answers with an external expert on product governance (if possible); * attestation and addressing deficiencies in general or specific to the Company.   Training takes the following forms:   * on-site and remote (online) conferences, seminars and other training events; * in-house and external training sessions; * consultations with an external counsel to clarify specific product governance questions. |
| **Legal agreements with third parties about the distribution of the Product:** | Not used. |
| **Trademark/Use of Logo:** | Not used, unless details of an instrument indicate a trademark and logos of an issuer, a manufacturer, a sponsor and/or an asset manager. |
| **Legal notification to the clients:** | Legal notification to the clients is regulated by the Risk Disclosure Statement of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Risk Disclosure Statement). |
| **License use:** | Dealing with the product is allowed by the investment firm license held by the Company. The product requires no additional license. |
| **ToBs and End User Agreements:**  **(explain: is the Product adequately described to the clients)** | Brokerage Agreement, Portfolio Management Agreement, Depository Agreement |
| **Data protection requirements:**  **(explain: includes data protection and privacy impact assessment)** | Available on the Company’s website ([https://skanestas.com](https://skanestas.com/)  | Documents | Onboarding & Compliance | Data Protection Policy) |
| 1. COMPLIANCE ANALYSIS | |
| **Regulatory restrictions in the country(ies) where the Product is sold:**  (explain: The Company has appropriate licenses and permissions in countries where clients use the Product) | The Company has appropriate licenses and permissions (where applicable) in countries where clients may use or use the Product. |
| Publication of key information documents (“**KIDs**”) for packaged retail and insurance-based investment products (“**PRIIPs**”) | Generally, the Company publishes KIDs on its website, social media platforms or elsewhere for instruments which are:   * not exempt from drawing up KIDs; and * available to a client through the Company.   The Company publishes KIDs for such instruments of manufacturers of financial instruments on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | [Product Governance](https://skanestas.com/product-governance/)). These are updated annually, unless required due to a change or addition of financial instruments of manufacturers, which are principal in Company’s turn-over..  The Company provides a KID on request of a retail client interested in a PRIIP, which is new to the Company, in the form of:   * the KID itself; and/or * a link to the KID on the PRIIP manufacturer’s or distributor’s website.   In case the Company provides the KIDs of a PRIIP manufacturer or distributor to the retail client such manufacturer or distributor (as applicable) remains liable for the KIDs which are misleading, inaccurate or inconsistent with legally binding pre-contractual and contractual documents and requirements the structure and contents of KIDs. |
| **Remuneration:**  Explain a list of all remuneration, such as mark-ups, commissions, bonuses / incentives, IB / MM Remunerations. If the Product is distributed through IB, OM or WL, list the types of remunerations). | All fees are disclosed in the Execution Fee Schedule of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule).  IB, OM or WL are not used. |
| **Review of Product’s marketing materials:** | The Company publishes materials on general description of services offered on its website. The Company updates the website to publish changes in terms of business and fulfil legal requirements, e.g. disclose Top 5 Execution Venues. Generally the website is updated several times per year but not less than once per year.  The Company is present on social media platforms but principally uses them to share news of the Company and not for marketing communications.  The Company is not authorised to provide investment advice. It does not design and publish on its website, social media platforms, a client cabinet marketing or elsewhere marketing materials about a financial instrument.  If a client asks about marketing materials for a financial instrument the Company may refer to existing marketing materials published by a manufacturer or a distributor of the financial instrument if the Company does not have the requested information at its disposal at the time of client’s request.  Generally, third party marketing materials are not used for marketing purposes of the Company. If the Company refers a client to such materials (e.g. via a link to a webpage where a marketing communication is available), that does not mean confirmation by the Company that the third party marketing materials:   * are fair, clear and not misleading; * describe equally all the risks and rewards of the client; * outline sustainability-related aspects of the investment; and * comply with other requirements for a marketing communication.   The Company does not modify such marketing materials for particular markets, countries, or types of a client, unless required to do so by law of the EU or Cyprus. For example: if marketing materials lack indication of a target market of a financial instrument (retail, professional, eligible counterparty), the Company may suggest such indication to a client.  Investment strategies are provided to clients of portfolio management service ([https://skanestas.com](https://skanestas.com/) | Services |  Portfolio Management)  Principal execution venues are published on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents). The Company provides a current list of venues upon client’s request.  Costs and related charges for dealing with a financial instrument on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule) |
| **Any reports to the regulators about the Product:**  (explain: risk events, Product complaints, EMIR, MiFID II, etc.) | The company reports to ESMA, CySEC, and any other relevant authority as required by applicable law. |
| **Date of Completion by the Compliance Officer:** | 30 June 2023 |
| 1. SALES/MARKETING ANALYSIS | |
| **Description of Sales/Marketing Strategy** | The Sales/Marketing Strategy depends on the type of investment services the Company provides.  If the service consists of the execution of orders on behalf of clients then the Company:   * makes the product available to a client pursuant by choice of the client; * does not market the instrument; * follows only parameters of a target market of the product and type of client (retail, professional, eligible counterparty). |
| **Product Sold only to the identified Target Market:**   * explain the Company’s procedures and measures taken to ensure that the Sales/Marketing Strategy is consistent with the identified target market * ***(for post-sale review only):*** list any instances where the product has been sold to clients outside the target market/negative target market and any relevant justifications | The company does not expose the product publicly to non-clients of the Company on its Internet page, social media and elsewhere. The company maintains in place an electronic system that differentiates between retail clients and professional clients and between positive and negative target markets. If the client does not belong to the positive target market of a product, then a client’s order will not be processed by an employee of the Company.  The company generally does not deal with the instrument on behalf of the client if the client falls outside the target market. Such dealing is done within the ambit of portfolio management to hedge clients’ risks and positions, in accordance with the guidance provided by ESMA in its Product Governance Guidelines. An initiative for such deals comes from the Company on a client-by-client basis and is thus not marketed to third parties. |
| **Environmental, social, governance (ESG) and other sustainability factors[[109]](#footnote-109)** | Before dealing with a product the Company will:   * 1. take into account environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters, renewable (green) energy, reduction of consumption and non-recyclable waste, EU Environmental Objectives, other factors forming a basis for sustainable investment as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (as amended or replaced from time to time);   2. examine the financial instrument’s sustainability factors to ensure that they are consistent with the target market’s identified needs, characteristics and objectives (and review such consistency regularly if the financial instrument is in the portfolio of a client);   3. take the client’s sustainability-related objectives into account when identifying and specifying the potential target market for a financial instrument;   4. ensure that products and services the Company intends to offer or recommend to a client (including the intended distribution strategy) are compatible with any sustainability-related objectives of the target market of the client;   5. review this compatibility regularly; and   6. provide a client with the relevant information to duly consider any sustainability-related objectives of the client and, if possible, present the sustainability factors of a product in a transparent manner.   A product not filling client’s sustainability requirements is deemed to be incompatible for the client (client is outside the product’s target market). The Company:   * adjusts the client’s investment strategy to exclude this product; * applies the measures to avoid mis-selling of that product; * otherwise avoids dealing with such product on behalf of the client.   Nevertheless, a client may from time to time permit the Company to deal with a product not filling client’s sustainability requirements.  A financial instrument might meet or not meet sustainability criteria. This depends on the following:   * the financial instrument is designed to finance projects meeting environmental objectives[[110]](#footnote-110) (e.g., Use of Proceeds Bonds); or * an issuer of the financial instrument streams some proceeds of operational activities to meet sustainability KPI and performance targets (e.g., Sustainability-Linked Bonds).   Moreover, not all economic activities and not every type of financial instrument, may have set criteria of sustainability[[111]](#footnote-111).  If the Company may not retrieve information on ESG and other sustainability factors of a financial instrument or an issuer at the time of client’s request the Company will:   * inform the client of that fact; and * notify the client once that information becomes accessible from sources set out in subsections (i)–(iii) of this SECTION 4: below.   Generally, environmental, social, governance (ESG) materials are not used for marketing purposes of the Company. The Company may rely on the following ESG and other sustainability disclosures:   1. made by issuers or manufacturers of financial insrtruments; 2. assigned by third-party providers of ESG rating[[112]](#footnote-112); 3. labels of meeting [ICMA](https://www.icmagroup.org/sustainable-finance/) or [Morningstar](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/second-party-opinions) sets of standards, EU Green Bond [Standard](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard_en) and other.   The Company relies on such disclosures, ratings and labels on the *as-is basis* – the Company deems them to be frank, accurate and true. In case the Company provides them to a client a person which made disclosures or assigned ratings and labels remains liable for misleading, inaccurate or false disclosures, ratings or labels. |
| 1. IT & PRODUCTION ANALYSIS | |
| **Capacity:**  (delivery of customer orders, execution, and reporting of order executions) | Clients’ Trade Orders Handling Procedure of the Company is available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Brokerage Services | Clients’ Trade Orders Handling Procedure). At the same repository, one may find the Best Execution Policy.  Top 5 Execution Venues for every year used by the Company are available on its site ([https://skanestas.com](https://skanestas.com/) | Documents | Top 5 Execution Venues ####), where “####” means a reporting year.  The Company uses principally execution venues within the European Union, the USA and the UK. The Company chooses an execution venue on basis of availability and liquidity of the instrument on the venue, speed and costs of transactions and other applicable requirements for best execution of client’s orders.  A client uses a fillable boilerplate of a trade order to request the Company to execute a transaction with this product.  A common brokerage report accepted by the Company is used to inform a client about his/her orders and portfolio of financial instruments. The Company may tailor a brokerage report for a client to meet his/her specific needs. |
| **Security & Privacy**  (Specify (where applicable) how IT plans to protect the reliability and confidentiality of client orders and account information – such as applicable policies and procedures that encompass authentication, encryption, firewalls, authorization, administration and periodic testing) | IT security is governed by:   * the Business Continuity Plan outlining IT strategy; * the IT system's internal measures to establish a secure and reliable IT infrastructure of the Company.   (both documents are internal documents and are not available to the public).  The Client Cabinet is one of the communication ways with the Client. It allows the client to receive reports and place trade orders. The client’s connection to this Cabinet is encrypted by SSL technology. Authentication of each client is restricted by its unique login and password.  Client Cabinet Rules and Trade Order Placement Rules are available online:  <https://my.skanestas.com/agreement-show>  <https://my.skanestas.com/orders-rules> |
| **Performance and Continuity:**  (does the Company employ appropriate and proportionate systems, resources and procedures) | Yes as outlined in the Business Continuity Plan (not available to the public). |
| 1. TRADING ACTIVITY ANALYSIS | |
| **Any impact on trading and the provision of Brokerage Services:**  (impact on existing procedures, a requirement of new procedures, and any nuances that could lead to operational risks within trading and brokerage activity) | Current procedures of the Company meet all needs and peculiarities of the product. |
| **Assess any Market and Liquidity risks and conflicts of interest the Product(s) poses to the Company** | Risks specific to a product are outlined in Appendix No 1 “Product Description Forms” to the Product Governance Policy of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents | Product Governance)  Risk generally applicable to any product are set out in the Risk Disclosure Statement of the Company. It is available on the Company’s website ([https://skanestas.com](https://skanestas.com/) | Documents)  Market and Liquidityrisks of the product are borne by a client unless the Company is dealing on own account.  If the Company provides services of portfolio management then the Market and Liquidity risks are generally borne by the client unless an agreement between the client and the Company provides otherwise. |
| **Conflicts of interests:**  1 Do these exist and if so how will these be managed?  2 Does the Company at any time ensure that it makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction on the clients’ trade?  3 Does the Company ensure that its remuneration structure component (as a result of its trading activity and its trading counterparties) is adequate for the mitigation of conflicts of interest? | 1. Conflicts of interest in relation to this product exist in the following cases:    1. the employee maintains a personal account with the Company and is responsible for trading with the product by the Company;    2. the Company holds a product on its account and sells it to a client;    3. the Company acting on its account acquires a product from its client. 2. The company tackles conflicts of interest in accordance with the Conflicts of Interest Policy of the Company which is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Conflicts of Interest Policy). 3. The Company withholds fees and charges in accordance with the Execution Fee Schedule on the site and makes margin calls, where the agreement with the client permits. The Execution Fee Schedule of the Company is available on its website ([https://skanestas.com](https://skanestas.com/) | Documents | Execution Fee Schedule). 4. The remuneration structure component of the Company (as a result of its trading activity and its trading counterparties) does not embody incentives to act in accordance with subjective factors and otherwise not in accordance with a market rationale to the best interest of a client. |
| 1. MARKET SURVEILLANCE | |
| **Description of the risk assessment undertaken to ensure MAR (Market Abuse Regulation) surveillance systems and controls are sufficient for the Product offered** | The company has an internal IT system developed on basis of its CRM, it monitors and controls in real-time all transactions of the Company.  In order to detect and prevent unlawful disclosure of inside information, insider dealing, market manipulation and other market abuses with respect to a product client’s orders undergo pre- and post-trade controls set out in the Policy for the Prevention of Market Abuse of the Company. Client’s transactions with the product may be restricted and/or reported in cases endorsed by the said Policy. |
| 1. RISK ASSESSMENT | |
| **RM determination of the frequency of ongoing reviews of the Product:** | The review is executed on an ongoing basis and in case of exceeding of loss limit by the instrument. A client may set a loss limit with respect to a number of particular instruments on a case by case basis. If the Company provides portfolio management services it may apply the loss limit to all or some instruments acquired to the benefit of a client subject in every case to client’s general requirements. |
| **Describe the risks the Product can pose to clients.** | A product is subject to general risks of financial instruments, including, but not limited to the following:   1. Market/Price/Systematic Risk: the return of the security varies in response to, or in association with, variations in the overall market return. 2. Unsystematic Risk: risk of price change due to the unique circumstances of a specific security, as opposed to the overall market. 3. Operational Risk: risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and obligations of transactions with Financial Instruments. 4. Technical Risk: failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems. 5. Underperformance Risk: no guarantee that the returns will be greater than or at least equal to any potential return a client could have earned elsewhere. 6. Political Risk: a possibility of occurrence of losses or reduction in the volume of profits resulting from governmental policy. 7. Legal Risk: risk of imposition of penalties or other claims with regard to activities carried out by a client amid frequent and substantial changes in the applicable legislation. 8. Client Money and Counterparty Risk: risk of debiting of funds of client’s assets to discharge of obligations of the Company or its other clients on omnibus accounts; 9. Conflict of Interest: missing a financial gain, or incurring a financial loss at the expense of a client due to biased behaviour of a Company’s employee(s). 10. Limitation of Responsibility: risk for losses or damage caused by changes in laws or their inconsistent application rests with a client. 11. Issuer Main Risk: risk associated with companies listed on emerging markets; risk of change in policies of a registrar of securities; issuer’s bankruptcy risk; risk of poor disclosure of an issuer. 12. Taxation: risk of change of tax laws or their interpretation with potential retroactivity effect. 13. Liquidity Risk: risk of absence of a counterparty willing to trade a security. 14. Currency Risk: risk of probable adverse change in one currency against another one and/or abrupt national currency devaluation. 15. Investment Restrictions: foreign investments in financial instruments are or may be restricted from a legal point of view or may become restrictive by reasons uncontrollable by the Company or a client. 16. Price Risk: risk of changes in the value of shares of enterprises and government securities, commodities and other instruments, which may result in changes in the value of assets and therefore in losses. 17. Interest Rate Change Risk: risk of losses resulting from an adverse change in interest rate affecting the market value of various assets, including fixed yield securities. 18. Counterparty Risk: risk of insolvency of the firm with whom you are dealing, including the Company, and/or any other counterparty or intermediary involved in client’s transaction(s). 19. Country Risks: risk of change of political or economic conditions of the country a client invested in. 20. Credit Risk: risk of partial or complete non-performance of financial obligations by a counterparty or an issuer of a financial instrument. 21. Transaction Risk: risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment. 22. Margin Trading Risk: risks of decrease in the value or total loss of the assets, existing on the relevant account and securing claims to a client under those positions, not secured by client’s assets. 23. Algorithmic Trading: risks of technical errors, software or design flaws, adverse market impacts, quick losses; best execution of orders is not guaranteed. |
| **Assess if all relevant risks have been identified and assessed.** | The company identified and assessed principal market-related risks, but not foreign exchange, sanctions, legal, tax and other risks. |
| **Describe the risks the Product can pose to the Company** **and assess how these risks are acceptable:**  (Provide a rationale for risk acceptance) | The instrument poses risks set out in subsections (a)–(w) of SECTION 8:.  Foreign exchange, sanctions, legal, tax and other risks cannot be mitigated by the Company. They are acceptable only if compliant with applicable legislation, rules of the Company, or an agreement with a client. |
| **Describe the risks the Product can pose to the stability of financial markets:** | Taken in isolation the product and transactions associated in relation to this product, on behalf/ by Skanestas clients and expected accounts, does not pose a risk to the stability of financial markets. This general assumption rests on volume of Company’s or client’s transactions with an instrument relative to all transactions of third parties with the instrument. |
| **Other areas (if applicable):** | N/a. |
| **Should this Product be distributed/approved by the Company?** | This product was approved by the Company. |
| **Date of Completion by the Risk Manager:** | 30 June 2023 |
| 1. DETAILS OF THE REVIEW | |
| **Date of the Review:** | 30 June 2023 |
| **Responsible Person(s):** | Chairperson of Product Governance Committee |
| **Date of Approval by the Board of Directors:**  *(minutes of the relevant BoD meeting to be attached to this Form)* | 30 June 2023 |
| **Date of next review of the Product:** | 30 June 2024  The Company conducts this review at least annually and when a change/ event is occurring that affects the product’s characteristics, cost and charges, risk profile, target market and/or distribution strategy, reviews the financial instruments they distribute and the investment services they provide. See Section 14 of the Product Governance Policy for more details. |

1. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-1)
2. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

   climate change mitigation;

   climate change adaptation;

   the sustainable use and protection of water and marine resources;

   the transition to a circular economy;

   pollution prevention and control;

   the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-2)
3. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-3)
4. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-4)
5. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-5)
6. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

   climate change mitigation;

   climate change adaptation;

   the sustainable use and protection of water and marine resources;

   the transition to a circular economy;

   pollution prevention and control;

   the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-6)
7. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-7)
8. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-8)
9. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-9)
10. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

    climate change mitigation;

    climate change adaptation;

    the sustainable use and protection of water and marine resources;

    the transition to a circular economy;

    pollution prevention and control;

    the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-10)
11. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-11)
12. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-12)
13. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-13)
14. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

    climate change mitigation;

    climate change adaptation;

    the sustainable use and protection of water and marine resources;

    the transition to a circular economy;

    pollution prevention and control;

    the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-14)
15. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-15)
16. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-16)
17. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-17)
18. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

    climate change mitigation;

    climate change adaptation;

    the sustainable use and protection of water and marine resources;

    the transition to a circular economy;

    pollution prevention and control;

    the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-18)
19. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-19)
20. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-20)
21. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-21)
22. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

    climate change mitigation;

    climate change adaptation;

    the sustainable use and protection of water and marine resources;

    the transition to a circular economy;

    pollution prevention and control;

    the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-22)
23. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-23)
24. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-24)
25. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-25)
26. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

    climate change mitigation;

    climate change adaptation;

    the sustainable use and protection of water and marine resources;

    the transition to a circular economy;

    pollution prevention and control;

    the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-26)
27. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-27)
28. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-28)
29. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-29)
30. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

    climate change mitigation;

    climate change adaptation;

    the sustainable use and protection of water and marine resources;

    the transition to a circular economy;

    pollution prevention and control;

    the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-30)
31. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-31)
32. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-32)
33. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-33)
34. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

    climate change mitigation;

    climate change adaptation;

    the sustainable use and protection of water and marine resources;

    the transition to a circular economy;

    pollution prevention and control;

    the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-34)
35. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-35)
36. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-36)
37. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-37)
38. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

    climate change mitigation;

    climate change adaptation;

    the sustainable use and protection of water and marine resources;

    the transition to a circular economy;

    pollution prevention and control;

    the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-38)
39. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-39)
40. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-40)
41. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-41)
42. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

    climate change mitigation;

    climate change adaptation;

    the sustainable use and protection of water and marine resources;

    the transition to a circular economy;

    pollution prevention and control;

    the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-42)
43. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-43)
44. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-44)
45. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-45)
46. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

    climate change mitigation;

    climate change adaptation;

    the sustainable use and protection of water and marine resources;

    the transition to a circular economy;

    pollution prevention and control;

    the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-46)
47. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-47)
48. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-48)
49. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-49)
50. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

    climate change mitigation;

    climate change adaptation;

    the sustainable use and protection of water and marine resources;

    the transition to a circular economy;

    pollution prevention and control;

    the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-50)
51. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-51)
52. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-52)
53. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-53)
54. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

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    the sustainable use and protection of water and marine resources;

    the transition to a circular economy;

    pollution prevention and control;

    the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-54)
55. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-55)
56. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-56)
57. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-57)
58. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

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    the sustainable use and protection of water and marine resources;

    the transition to a circular economy;

    pollution prevention and control;

    the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-58)
59. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-59)
60. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-60)
61. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-61)
62. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

    climate change mitigation;

    climate change adaptation;

    the sustainable use and protection of water and marine resources;

    the transition to a circular economy;

    pollution prevention and control;

    the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-62)
63. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-63)
64. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-64)
65. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-65)
66. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

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    the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-66)
67. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-67)
68. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-68)
69. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-69)
70. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

    climate change mitigation;

    climate change adaptation;

    the sustainable use and protection of water and marine resources;

    the transition to a circular economy;

    pollution prevention and control;

    the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-70)
71. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-71)
72. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-72)
73. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-73)
74. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

    climate change mitigation;

    climate change adaptation;

    the sustainable use and protection of water and marine resources;

    the transition to a circular economy;

    pollution prevention and control;

    the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-74)
75. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-75)
76. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-76)
77. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-77)
78. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

    climate change mitigation;

    climate change adaptation;

    the sustainable use and protection of water and marine resources;

    the transition to a circular economy;

    pollution prevention and control;

    the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-78)
79. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-79)
80. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-80)
81. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-81)
82. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

    climate change mitigation;

    climate change adaptation;

    the sustainable use and protection of water and marine resources;

    the transition to a circular economy;

    pollution prevention and control;

    the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-82)
83. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-83)
84. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-84)
85. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-85)
86. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

    climate change mitigation;

    climate change adaptation;

    the sustainable use and protection of water and marine resources;

    the transition to a circular economy;

    pollution prevention and control;

    the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-86)
87. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-87)
88. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-88)
89. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-89)
90. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

    climate change mitigation;

    climate change adaptation;

    the sustainable use and protection of water and marine resources;

    the transition to a circular economy;

    pollution prevention and control;

    the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-90)
91. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-91)
92. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-92)
93. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-93)
94. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

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    climate change adaptation;

    the sustainable use and protection of water and marine resources;

    the transition to a circular economy;

    pollution prevention and control;

    the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-94)
95. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-95)
96. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-96)
97. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-97)
98. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

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99. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-99)
100. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-100)
101. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-101)
102. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

     climate change mitigation;

     climate change adaptation;

     the sustainable use and protection of water and marine resources;

     the transition to a circular economy;

     pollution prevention and control;

     the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-102)
103. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-103)
104. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-104)
105. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-105)
106. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

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     pollution prevention and control;

     the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-106)
107. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-107)
108. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-108)
109. Article 2, point (24) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector: “‘Sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.” [↑](#footnote-ref-109)
110. For example, article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lists the following environmental objectives: “

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     pollution prevention and control;

     the protection and restoration of biodiversity and ecosystems.” [↑](#footnote-ref-110)
111. For example, EU Taxonomy Compass in respect of activities and ICMA’s Green Bond Principles in respect of financial instruments. Sources: <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> [↑](#footnote-ref-111)
112. Examples: MSCI ESG Fund Ratings and Climate [Search Tool](https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool); Bloomberg [ESG Data](https://www.bloomberg.com/professional/product/esg-data/), Sustainable Fitch [ESG Ratings](https://www.sustainablefitch.com/products/esg-ratings/), Morningstar [ESG Risk Ratings](file:///C:\Users\eparmenidou\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\Q9ZJ9QID\,%20https:\www.sustainalytics.com\esg-ratings). [↑](#footnote-ref-112)