

# **Finligue Grupp OÜ**

## **STATEMENT OF RISK APPETITE**

Version 1.0

## Introduction

Risk is an inherent component of any market interaction and the effective management of risk is fundamental to Finligue Grupp OÜ. The ability to identify, assess, measure, respond, monitor and report on risk is critical to the achievement of Finligue Grupp OÜ strategic objectives.

As a result, Finligue Grupp OÜ management approach reflects our values; influences our culture; and guides our operations. Our approach is captured in policy statements, operating procedures, training programs, and is demonstrated in daily activities by management and staff.

The CEO recognises the importance of the ongoing identification and management of risk in order to maintain a sound financial and reputational status. Equally, it is important that there is an overall view of risk agreed by the CEO and compliance officer to guide the firm's strategy and decision making.

## Risk Strategy

Finligue Grupp OÜ is built upon core values of integrity, inspiration, excellence and ambition. Whilst success for Finligue Grupp OÜ is measured by the ability to grow the business profitably, its long term strategic goals are:

- To increase the profitability of the business by delivering a service that meets customer expectations;
- To deliver greater control over trading risk management and, as a result, the long term stability of the firm.

As a regulated firm, Finligue Grupp OÜ must hold capital to meet uncertainties and mitigate risks. Risks and uncertainties primarily arise from trading activity but also arise from associated commercial activities such as operations and strategy.

Finligue Grupp OÜ Risk Strategy aligns its risk profile (including regulatory responsibilities) with strategic plans through a clear risk appetite. This facilitates the identification and mitigation of risks that might prevent the firm from achieving its business objectives as well as consistently enabling to execute its business on the basis of an objective assessment of risk and reward.

The CEO and the employees take both a prudent and conservative approach to risk in line with intended business development and strategic business plans. Risk strategy and appetite is formed with an objective of being able to run at significantly reduced revenue, due to loss of business or

systemic events like individual market shocks for a prolonged period of time, without materially impacting the business or the fulfilment of its regulatory obligations.

The CEO agrees that the specific ways in which risk may be mitigated (e.g. through holding additional capital, implementing controls or by defining management actions or behaviours) and its appetite or tolerance for the risks affecting the business. The CEO also defines the amount of exposure to, or potential adverse impact from, internal or external events that it is willing to accept. This document provides a summary of the firm’s risk appetite and the associated tolerances.

The CEO’s consideration of risk appetite and tolerances is governed by the strategic direction that it decides to take and by its associated capital and liquidity plans. In setting the risk appetite, the Company is committed to ensuring that the appropriate risk culture is extended across all business activities and operations, encompassing all relevant risks, both financial and non-financial (e.g. conduct risk).

The detailed assessment of risks is subject to review at least annually or more frequently to reflect changes in strategy, regulatory obligations or the profile of the risk facing the business.

### Recognised Risks

The Company has categorised risks into low, medium and high risk. Low and high risk are mandated under the 5<sup>th</sup> AML Directive and the RahaPTS, while a medium risk is currently in the process of been incorporated in the Company's procedures.

### Summary Risk Appetite

Finligue Grupp OÜ applies a prudent risk appetite to the risks it has identified. The table below provides an overview of key risk drivers. A summary of risk limits and a schedule of operating risks as approved by the Board are provided in Appendices 1 and 2 respectively.

<b>Strategic Objectives</b>	<b>Risk Strategy</b>	<b>Risk Objective</b>	<b>Recognised Risks</b>
To increase the long-term profitability of the business by delivering a product that meets customer expectations.	To align the firm’s risk profile (including regulatory responsibilities) with strategic	To be able to run at significantly reduced revenue, due to loss of business or systemic events like individual market shocks for a prolonged period of time,	Operating Risks (including Business, Conduct, Operational, People, and Regulatory).
An ability to facilitate a			Operating Risks

greater diversity of customers within the retail space and target small institutions to provide liquidity.	plans through a clear risk appetite.	without a material impact on the business or its ability to meet regulatory obligations.	(including Business, Conduct, Operational, People, and Regulatory).
Ensuring a greater control over trading risk management and thus the long term stability of the firm			Liquidity Risk. Credit/Counterparty Risk. Market Risk.

**Implementation of the Risk Appetite**

Finligue Grupp OÜ creates all of its internal rules and procedures with due reference to this Statement of Risk Appetite. Modifications to internal rules or procedures or changes in business strategy will be made only after an assessment of the risks including reference to the firm’s risk appetite.

**Risk Appetite Oversight**

The Statement of Risk Appetite forms the cornerstone of the business operations and will be reviewed and approved by the CEO at least annually or more frequently to reflect changes in strategy, regulatory obligations or the profile of the risk facing the business.

**Risk Appetite in Decision Making Process**

The business has a defined decision making process, which is based upon the identification, assessment and prioritisation of existing and emerging risks. Typically, risks are prioritised according to Regulatory Risk, Reputational Risk, Commercial (Business) Risks, Operational Risk and Strategic Risk, followed by other potential concerns and exposures. Employees are aware of this process and seek to ensure that these areas as a minimum are addressed when taking all decisions.

**Risk Appetite Disclosure**

Where appropriate and mandated under applicable law and regulatory framework, the company discloses its Statement of Risk Appetite with its clients and business partners.

**Summary of Risk Appetite and Tolerances**

A summary of Finligue Grupp OÜ risk appetite model is shown below.

Risk Classification	Capital	Risk Tolerance (agreed by the Board)	Additional KYC	Status
High Risk II	50000 EUR Or suspicious amount	Case by case basis- to be evaluated by AML Policy	Always requested	Within Appetite
High Risk I	15000 EUR- 50000 EUR Or suspicious amount	Case by case basis- to be evaluated by AML Policy	Requested if questionable activity	Within Appetite
Low Risk	15000 EUR and below	Case by case basis- to be evaluated by AML Policy	Requested if questionable activity	Within Appetite
PEP (Politically Exposed Person)	Irrelevant	Not tolerated	Always requested and checked by outsourced company- Sum and Substance	Not within Appetite