

# **VM Vita Markets Ltd**

*(Regulated by the Cyprus Securities & Exchange Commission)*

## **REMUNERATION POLICY**

Original Issue Date:	October 2018
Last Review Date:	January 2020
Next Review Date:	October 2020
Approver:	Board of Directors
Version	2



## TABLE OF CONTENTS

1. INTRODUCTION.....	3
2. LEGAL FRAMEWORK.....	3
3. DEFINITIONS.....	3
4. PURPOSE.....	4
5. REMUNERATION COMMITTEE .....	4
6. REMUNERATION PRINCIPLES.....	5
7. REMUNERATION OF THE BOARD OF DIRECTORS .....	5
8. UPDATES.....	5
9. APPENDICES.....	6
a. Appendix 1 – Company’s Remuneration Schemes .....	6



## 1. INTRODUCTION

VM VITA MARKETS LTD (the “Company”) is a Cypriot Investment Firm incorporated and registered under the laws of the Republic of Cyprus. The Company is authorized and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) under the **license No. 373/19**.

## 2. LEGAL FRAMEWORK

The regulatory framework, put in place by the Commission and implemented by the Company regarding the establishment of the Remuneration Policy (hereinafter the “Policy”), comprises of the following legislation:

- **Law 87(I)/2017**, the Law regarding the provision of investment services, the exercise of investment activities, the operation of regulated markets and other related matters (hereinafter referred to as “the Law”);
- **Directive D1144-2014-14**, for the prudential supervision of Investment Firms;
- **Circular C138 and C145**, regarding remuneration policies and practices;
- **Circular C031 (previously Guidelines GD-IF-07)**, regarding the guidelines on remuneration policies and practices;
- **Circular C030 (previously Guidelines GD-IF-06)**, regarding certain aspects of the compliance function requirements;
- Any other Directive and Circular issued pursuant to the Law.

## 3. DEFINITIONS

For the purpose of this Policy, the following terms shall have the same meaning as the definition given below. Terms used in this Policy that are not interpreted differently shall have the meaning given to them by the Law.

«**Relevant Person(s)**» means the persons who can have a material impact on the service provided and / or corporate behavior of the Company, including persons who are client-facing front-office staff, sales force staff, and / or other staff indirectly involved in the provision of investment and / or ancillary services, whose remuneration may create inappropriate incentives to act against the best interests of the Company’s clients. This includes persons who oversee the sales force (such as line managers) who may be incentivized to pressurize sales staff, or financial analysts whose literature may be used by sales staff to induce clients to make investment decisions. Persons involved in complaints handling, claims processing, client retention and in product design and development are other examples of ‘relevant persons’.

«**Remuneration**» means all forms of payments or benefits provided directly or indirectly by the Company to the relevant persons in the provision of investment and / or ancillary services to clients. It can be either financial (such as cash, shares, options, cancellations of loans to relevant persons at dismissal, pension contributions, remuneration by third parties e.g. through carried interest models, wage increases) or non-financial (such as career progression, health insurance, discounts or special allowances for car or mobile phone, generous expense accounts, seminars in exotic destinations, etc.).

«**Fixed remuneration**» means the remuneration which primarily reflects relevant professional experience and organizational responsibility, as set out in an employee's job description as part of the terms of employment.

«**Quantitative criteria**» means for the purpose of this policy, primarily numeric or financial data that

is used to determine the remuneration of a relevant person (e.g. value of instruments sold, sales volumes, establishment of targets for sales or new clients, etc.).

«*Qualitative criteria*» means for the purpose of this policy, primarily criteria other than quantitative criteria. It can also refer to numeric or financial data used to assess the quality of the relevant person's performance and / or service to the client e.g. return on the client's investment, very low number of complaints over a large timescale, etc.

#### **4. PURPOSE**

The purpose of this Policy is to ensure compliance with the conflicts of interest requirements set out in Section 17(3)(a) and 24 of the Law so that clients' interests are not impaired by the remuneration policies and practices adopted by the Company.

It also ensures compliance with the conduct of business rules set out in Section 25 of the Law.

The present Policy is applicable to the Company and any other third parties which provide support services to the Company (i.e. sales, marketing or customer support).

A table detailing the current remuneration scheme of the Company and its service providers is attached to this Policy as *APPENDIX A*.

#### **5. REMUNERATION COMMITTEE**

Since the Company does not fall within the thresholds specifically addressed in Circular C081, regarding the definition of a "Significant CIF", there exists no obligation to proceed with the establishment of a Remuneration Committee (hereafter the "Committee").

However, the Company's Executive Directors will monitor such thresholds and when deemed necessary shall proceed with the establishment of the Committee.

In addition to the above, the Company's Executive Directors shall be responsible for:

- The overview of the remuneration practices and compliance with the provisions, *inter alia*, of the Remuneration Policy, to ensure that remuneration arrangements support the strategic aims of the Company and enable the recruitment, motivation and retention of employees while also complying with the requirements of regulation;
- Exercising competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, capital and liquidity;
- The decision-making regarding remuneration, including those which have implications for the risk management of the Company. When preparing its decisions, to take into account the long-term interests of shareholders, investors and other stakeholders in the Company.

The Company ensures that the matters related to the remuneration policy are overviewed by Non-executive members of the Board of Directors, in order to operate independently from Executive Directors.

In the instance where a Remuneration Committee will be established, the chairperson of the Remuneration Committee shall be an independent, non-executive member.

## **6. REMUNERATION PRINCIPLES**

The following principles apply to the extent that are appropriate to the size, internal organization, the nature, the scope and the complexity of the Company's activities:

- a) sound and effective risk management shall be promoted to the extent that it does not encourage risk-taking exceeding the Company's level of tolerated risk;
- b) the Company's Board of Directors, in its supervisory function, shall adopt and periodically review the general principles of the remuneration policy and shall be responsible for overseeing its implementation;
- c) staff engaged in control functions shall be remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control;
- d) the remuneration of the senior officers in the risk management and compliance functions shall be directly overseen by the Board of Directors in its supervisory function.

## **7. REMUNERATION OF THE BOARD OF DIRECTORS**

The remuneration of the Executive Directors ensures the Company's continued ability to attract and retain the most qualified Executive Board members and constitutes a good basis for succession planning and motivation.

Executive members of the Board of Directors may receive a fixed fee, they shall not be covered by incentive programs and shall not receive performance-based remuneration.

Similarly, the Non-Executive Directors' remuneration shall not be based on performance measures, including cash bonus schemes and equity vesting requirements, since performance-based remuneration for Non-Executive Directors has significant potential to conflict with their primary role as an independent representative of the shareholders. Non-Executive Directors are elected representatives of shareholders and not Company employees.

The basic fee of a Board member shall be set at a level that reflects the qualifications and contribution required in view of the Company's complexity, the extent of the responsibilities and the number of Board meetings.

## **8. UPDATES**

An Executive Director shall perform a periodical review of this Policy and the Non-Executive Directors shall perform a subsequent independent review of the Policy. The Company has the right to amend the current Policy at its discretion and at any time it considers suitable and appropriate. Where any amendments will take place, the updated version of the present Policy shall be approved by the Company's Board of Directors and shall be distributed to the Company's employees who shall acknowledge that they have read and understood the updates.

## 9. APPENDICES

### a. Appendix 1 – Company’s Remuneration Schemes

Position / Function	Person / Entity	Remuneration	
		Fixed	Variable
Executive Directors	Mr. Stanislav Gorozhankin	The director is a shareholder, the dividends will be considered as remuneration	No variable component of remuneration
	Mrs. Ilona Melikidou	The director is a shareholder, the dividends will be considered as remuneration	No variable component of remuneration
Non-executive Directors	Mr. Aristos Pentaliotis	Based on consultation fee which is fixed up to a certain time devoted plus any extra on an ad-hoc basis	No variable component of remuneration
	Mr. Polys Kakoullis	Based on consultation fee which is fixed up to a certain time devoted plus any extra on an ad-hoc basis	No variable component of remuneration
	Mr. Anthony Kyprianou	Based on consultation fee which is fixed up to a certain time devoted plus any extra on an ad-hoc basis	No variable component of remuneration
<b>Anti-Money Laundering Compliance Officer (AMLCO)</b>		Based on the budget and market salaries	No variable component of remuneration
<b>External Auditor (EA)</b>			
<b>Compliance Officer (CO)</b>		Based on the budget and market salaries	No variable component of remuneration
<b>Internal Auditor (IA)</b>		Outsourced to <b>AMF Global Ltd</b> and is based on fixed fee payable, plus any fees chargeable on an ad-hoc basis.	
<b>Risk Manager (RM)</b>		Based on the budget and market salaries	No variable component of remuneration
<b>Head of Brokerage</b>		Based on the budget and market salaries	No variable component of remuneration
<b>Head of Back Office and FX services</b>		Based on the budget and market salaries	No variable component of remuneration
<b>Head of Finance &amp; Accounting</b>		Based on the budget and market salaries	No variable component of remuneration
<b>Head of Safekeeping &amp; Granting Credits and Loans</b>		Based on the budget and market salaries	No variable component of remuneration
<b>Head of Portfolio Management &amp; Investment Advice</b>		Based on the budget and market salaries	No variable component of remuneration
<b>Head of IT services</b>		Outsourced and is based on fixed fee payable	
<b>Head of Customer support</b>		Outsourced and is based on fixed fee payable	