

## **24Option Pillar III Disclosures**

**Last updated on April 30<sup>th</sup>, 2018**

This report has been prepared in accordance with Section 4 (Paragraph 32) of the Cyprus Securities and Exchange Commission.

### **1.1 Background**

This report has been prepared in accordance with Section 4 (Paragraph 32) of the Cyprus Securities and Exchange Commission (hereinafter the “CySEC”) Directive DI I 44-2014- I 4 of 2014 (the ‘Directive’) for the prudential supervision of investment firms which implements the Regulation (EU) 575/2013 (the “Regulation”) and the European Directive 2013/36/EU (the “European Directive”).

The Regulation framework consists of a three “Pillar” approach:

- Pillar I establishes minimum capital requirements, defines eligible capital instruments, and prescribes rules for calculating RWA.
- Pillar II requires firms and supervisors to take a view on whether a firm should hold additional capital against risks considered under Pillar I that are not fully captured by the Pillar I process (e.g. credit concentration risk); those risks not taken into account by the Pillar I process (e.g. interest rate risk in the banking book, business and strategic risk); and factors external to the firm (e.g. business cycle effects). Pillar II connects the regulatory capital requirements to the Company’s internal capital adequacy assessment procedures (ICAAP) and to the reliability of its internal control structures. The function of Pillar II is to provide communication between supervisors and investment firms on a continuous basis and to evaluate how well the investment firms are assessing their capital needs relative to their risks. If a deficiency arises, prompt and decisive action is taken to restore the appropriate relationship of capital to risk.
- Pillar III – Market Discipline requires the disclosure of information regarding the risk management policies of the Company, as well as the results of the calculations of minimum capital requirements, together with concise information as to the composition of original own funds. In addition the results and conclusions of ICAAP are disclosed as applicable.

Please click here for the [Pillar III Disclosure Document](#).