



INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT

To the Management Board of Admiral Markets AS

We have performed a limited assurance engagement, based on the contract entered into with the Management Board of Admiral Markets AS (hereinafter the Enterprise), regarding the functioning of the policies and procedures (hereinafter the Internal Policies) established for the maintenance and protection of clients' assets from 1 January 2016 to 31 December 2016. The Internal Policies have been established by the Management Board of the Enterprise in order to comply with the requirements of the Securities Market Act (hereinafter the Act). The aim of our engagement is to assist the Management Board in reporting to the Financial Supervision Authority in accordance with § 88(7) of the Act.

Responsibilities of the Management Board and Criteria

The Management Board of the Enterprise has an obligation to maintain and protect the assets of the Enterprise's clients entrusted to it in accordance with the requirements of the Act. This obligation includes the establishment of principles for the maintenance and protection of the assets of the Enterprise's clients by internal policies as set out in § 88(7) of the Act.

Our Independence and Quality Control

We have complied with the requirement of independence, as well as other ethical requirements of the *Code of Ethics for Professional Accountants (Estonia)* issued by the International Ethics Standards Board for Accountants. The Code of Ethics is based on the following fundamental principles: integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

Our firm applies the *International Standard on Quality Control (Estonia) 1* and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion based on the procedures we have performed regarding the functioning of the Internal Policies from 1 January 2016 to 31 December 2016.

We conducted our engagement in accordance with the International Standard on Assurance Engagements ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard requires us to comply with ethical requirements, and plan and perform the assurance engagement to obtain limited assurance that the Internal Policies were functioning from 1 January 2016 to 31 December 2016.

Based on Section 2.3 of the guidelines Auditor's Report on the Functioning of the Principles of Maintenance and Protection of the Assets of an Investment Firm's Client established by Decision No. 1.1-7/9 of the Financial Supervision Authority of 17 February 2010, our conclusion is solely based on the procedures specified in the said Section and performed by us. Since there is no criteria intended for



the assessment of the sufficiency of the Enterprise's Internal Policies, our conclusion does not include an assessment on the sufficiency of the Internal Policies.

Summary of the Procedures Performed

We have performed the following procedures set out in Section 2.3 of the guidelines established by Decision No. 1.1-7/9 of the Financial Supervision Authority of 17 February 2010:

- we have examined the requirements applicable to the maintenance and protection of the assets of the Enterprise's clients specified in the Act and other legislation, including the guidelines established by Decision No. 1.1-7/9 of the Financial Supervision Authority, as well as other appropriate guidelines and circulars of the Financial Supervision Authority;
- we have mapped the investment services and activities provided by the Enterprise;
- we have developed an understanding of the Internal Policies;
- we have obtained confirmation from the management of the Enterprise regarding the compliance of the Enterprise's activities with the Internal Policies;
- we have interviewed the persons in the Management Board of the Enterprise and the persons directly involved in the maintenance of the assets of the Enterprise's clients with the purpose of obtaining and updating information on the functioning of the Internal Policies during the period in question, as well as developing an understanding on how changes were implemented and problems handled;
- we have interviewed the Enterprise's Compliance Manager with the aim of identifying potential problems in fulfilling the requirements applicable to the maintenance and protection of the assets of the Enterprise's clients;
- we have examined clients' complaints registered by the Enterprise and measures implemented to deal with such complaints with the aim of detecting non-compliance with the requirements of maintenance and protection of the assets of the Enterprise's clients;
- on the basis of the interviews, we have inspected the keeping of records of the assets of the Enterprise's clients and the separation of the assets of the Enterprise's clients from the assets of the Enterprise;
- we have checked the existence of relevant registers and consistency of record keeping during the period from 1 January 2016 to 31 December 2016;
- we have inspected the reconciliation procedures for data obtained from the system of keeping records of the assets of the Enterprise and the Enterprise's clients, and checked the results against the data submitted by third persons by whom the assets of the Enterprise's clients are held;
- we have checked compliance with the requirements arising from the principles and procedures established for the selection and monitoring of depositories/account administrators (by whom the assets of the Enterprise's clients are held on public accounts) and the compliance of selected partners and contracts entered into with them with the requirements of § 88² and §-i 88³ of the Act;
- we have checked the existence of reports to be submitted to the clients regarding the maintenance of the assets of the Enterprise's clients and assessed compliance with the procedures established by the Enterprise and the requirements of § 89⁴(2) of the Act;
- the Enterprise does not hold client's assets that would grant voting rights or the right to receive interests/dividends; therefore, we have not audited whether the rights arising from the right of ownership of the client's assets have been exercised in the Enterprise in accordance with the established procedures;
- we have checked the compliance of the financing transactions of the Enterprise with the requirements of § 88⁴ of the Act.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement; therefore, less assurance is obtained than in a reasonable assurance engagement.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Conclusion

Based on the procedures described herein, nothing has come to our attention that causes us to believe that the Internal Policies established by the Management Board of the Enterprise for the maintenance and protection of the assets of the Enterprise's clients were not functioning from 1 January 2016 to 31 December 2016.

Other Matter - Inherent Limitations

Without qualifying our opinion, inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore, fraud, error or non-compliance may occur and not be detected. Non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining and estimating such data. In addition, our conclusion is based on the procedures set out in Section 2.3 of the guidelines Auditor's Report on the Functioning of the Principles of Maintenance and Protection of the Assets of an Investment Firm's Client established by Decision No. 1.1-7/9 of the Financial Supervision Authority of 17 February 2010.

Restriction on Use

This limited assurance report has been prepared pursuant to § 88(7) of the Act and is to be submitted to the Financial Supervision Authority for the sole purpose of conducting supervision procedures with respect to the Enterprise and may not be used for any other purpose.

AS PricewaterhouseCoopers

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3 May 2017