

Independent Auditors' report to the Cyprus Securities and Exchange Commission (CySEC) in respect of Mega Equity Securities and Financial Services Public Limited for the year ended 31 December 2019 pursuant to Paragraph 10 of the CySEC Directive for the safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits

We report in relation to the suitability of the measures taken by Mega Equity Securities and Financial Services Public Limited (Company) pursuant to the provisions of Paragraph 10 of the CySEC Directive for the safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits (Directive), for the year ended 31 December 2019, regarding the following:

- (a) When holding financial instruments belonging to clients, to make adequate arrangements so as to safeguard the clients' ownership rights, especially in the event of the Company's insolvency, and to prevent the use of a client's financial instruments on own account except with the client's express consent;
- (b) When holding funds belonging to clients, to make adequate arrangements so as to safeguard the clients' rights and to prevent the use of client funds for its own account; and
- (c) Refrain from concluding title transfer financial collateral arrangements with retail clients for the purpose of securing or covering present or future, actual or contingent or prospective obligations of clients.

This report is addressed to the CySEC solely in its capacity as the supervisory authority under the provisions of the Directive.

The Company's Board of Directors is responsible for maintaining adequate arrangements to enable the Company to comply with the requirements of the Directive. Our responsibility is to express an independent opinion on the suitability of the measures taken by the Company in relation to issues (a), (b) and (c) above.



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Scope of work performed

We have carried out such procedures as we considered necessary to obtain assurance for the purposes of this report having regard to the International Standard on Assurance Engagements 3000.

Our procedures included obtaining an understanding of the suitability of the measures taken by the Company relating to the safeguarding of clients' assets, testing and evaluating the measures taken by the Company pursuant to Part II of the Directive, and performing such other procedures as we considered necessary in the circumstances.

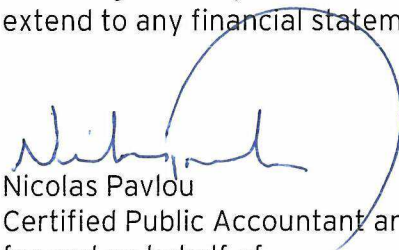
Systems, control procedures and any other measures relating to the safeguarding of financial instruments and funds belonging to clients are subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected. Such measures cannot be proof against fraudulent collusion, especially on the part of those holding positions of authority or trust.

The procedures performed do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, and hence we do not express any assurance other than the statement made below. Had we performed an audit or a review in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the Company did not take suitable measures to enable it to comply with the provisions of Part II of the Directive for the year ended 31 December 2019.

Our report is solely for the purpose as set out above and for your information, and is not to be used for any other purpose or to be distributed to any other parties without our prior consent in writing. This report relates only to the requirements of Part II of the Directive and does not extend to any financial statements or other financial information of the Company.



Nicolas Pavlou
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Ltd
Certified Public Accountants and Registered Auditors

Nicosia
31 July 2020