

Corporate Governance

Aquis Exchange PLC ("Aquis", "the Company") is committed to maintaining the highest standards of corporate governance throughout its operations and to ensuring that all of its practices are conducted transparently, ethically and efficiently. The Company believes that scrutinising all aspects of its business and analysing and improving its procedures will result in the continued success of the Company and improve shareholder value.

Therefore, and in compliance with the updated AIM Rules for Companies with effect from 28 September 2018, the Company has chosen to formalise its governance policies by complying with the version of the UK Corporate Governance Code published by the Financial Reporting Council in April 2016 (the "Code").

Accordingly, the Company has established committees with specific responsibilities and has implemented certain policies, to ensure that:

- It is led by an effective board which is collectively responsible for the long-term success of the Company;
- the board and its committees have the appropriate balance of skills, experience, independence, and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively;
- the board establish a formal and transparent arrangement for considering how it applies the corporate reporting, risk management, and internal control principles and for maintaining an appropriate relationship with the Company's auditors; and
- there is a dialogue with shareholders based on the mutual understanding of objectives.

In addition, the Company has adopted policies in relation to:

- Anti-corruption and bribery;
- Anti-money laundering;
- Personal Share Dealing;
- IT Systems and Security;
- Social Media;
- Health and Safety; and
- Whistleblowing;

to ensure all aspects of the Company are run in a robust and responsible way.

Business Overview, Model & Strategy

The Company is a founder-led, pan-European Multilateral Trading Facility ("MTF") operator and exchange and regulatory technology developer and service provider.

The Company was founded in 2012 by Alasdair Haynes, the former CEO of Chi-X Europe. The Company was created as part of a vision to introduce competition and innovation to the securities trading market. The Company received approval from the FCA and commenced European equities trading in November 2013.

The Company was admitted to the London Stock Exchange AIM market on 14th June 2018.

The Company has three revenue streams: Aquis Exchange, Aquis Technologies and Market Data.

Aquis Exchange

Aquis Exchange is a cash equities trading venue with a unique subscription-based pricing model based on electronic messaging traffic. Its principal competitors are the national exchanges such as the London Stock Exchange and Deutsche Börse, and Cboe (BATS Chi-X Europe) which charge customers on a per transaction model. Since the Company commenced trading in 2013 to the Latest Practicable Date, its market share has grown to reach approximately 4.4% of the overall pan-European market of continuous trading.

The client base of Aquis Exchange consists principally of investment banks and brokers acting on behalf of institutions such as pension funds and asset managers. The Company's members are able to trade European securities on a 'lit' market. This means that the dealing price prior to the trade is transparent to the whole market. This is in contrast to pricing on dark and grey markets, where price discovery is only available to the market post-trade.

Since 2015, Aquis Exchange has grown both the number of stocks offered and markets covered. Between 2015 and 2016 there was a 62% increase in the number of stocks offered for trading on Aquis Exchange and a further 40% increase took place between 2016 and 2017. As at the Latest Practicable Date in 2020, Aquis Exchange offers trading in approximately 1,600 equities in Europe across 14 countries.

In order to be admitted to trading on Aquis Exchange, securities must have first been listed or admitted to trading, or under an application to be listed or admitted to trading, on a Regulated Market or an equivalent market. Six DLPs maintain liquidity in the securities traded on Aquis Exchange and in return are not charged for trading on Aquis Exchange. Members can agree to be a DLP by signing up to a separate agreement.

In February 2016, the Company adopted a policy to prevent aggressive trading by proprietary trading firms. The Directors believe that this rule differentiates Aquis Exchange from other trading venues and has enabled the Company to create one of the lowest toxicity trading venues in Europe. The Directors also believe that this change should deepen the available liquidity that market makers are willing to offer at the best prices. The impact of the rule change, combined with Aquis Exchange's low toxicity and deeper liquidity, should mean that customers are able to transact more business in Aquis Exchange's lit environment before having to pursue alternative trading strategies in less transparent environments with less certain results.

As at the Latest Practicable Date, Aquis Exchange had 30 Trading Members (including fourteen of the world's leading investment banks) including six major market makers acting as DLPs.

Aquis Technologies

In addition to operating a pan-European MTF, the Company develops and licenses exchange and regulatory technology to third parties through its brand Aquis Technologies. Aquis Exchange also utilises the technologies created by this specialist software arm.

The Directors believe the demand for high quality, efficient and cost-effective exchange systems appears to be increasing due to European regulatory changes that are aimed at increasing transparency in markets and audit trails for all transactions, as well as a growing trend to allow competition between exchanges. The Company does not own or license any patents and is not dependent on any licences, other than "off the shelf" or non-material software licences, to support its business activities.

Aquis Matching Engine

European regulation is focused on moving, where possible, OTC trading onto trading venues or a more formalised OTC environment under the systematic internaliser regime. At the same time, other global jurisdictions are following the lead of US and European regulators and allowing competition in their domestic exchange environments for the first time. As such, the demand for exchange and internal matching systems is increasing. Aquis Exchange systems are designed to be applied across geographies and different asset classes. Aquis Technologies is able to offer continuous trading and auction models thereby catering to all stages of clients' business development. Indeed, Aquis Technologies products are available on a standalone basis or can be provided as hosted services which enables customers to purchase the product that is most appropriate for their needs.

The European systematic internaliser regime means the number of participants offering liquidity outside of trading venue environments may increase. However, these participants need to be able to make numerous bi-lateral connections with other market participants who require access to their liquidity. The Company has developed a gateway that facilitates these connections whilst ensuring that customers operate their systematic internalisers according to the regulatory guidelines.

Aquis Technologies client base has some commonality with Aquis Exchange but is more diverse reflecting the international demand for exchange and surveillance systems.

Aquis Market Surveillance

Firms and companies incorporated in member states of the European Union are subject to extensive requirements under MAR and MiFID II to have systems in place to, amongst other things, monitor and analyse order flow and transactions, detect actual and attempted market abuse and fulfil 'Best Execution' requirements.

'Best Execution' is a requirement under MiFID II to take all sufficient steps to obtain, when executing orders, the best possible result for its clients, taking into account certain factors, including price, costs, speed and likelihood of execution and settlement. It follows from this that there is considerable demand in Europe for compliance and surveillance systems. In response to this demand, Aquis Technologies was created with the aim of developing innovative technologies that could be licensed to third parties to assist them in fulfilling their compliance and surveillance obligations.

Aquis Market Data

Market data is crucial for all market participants. The Company provides market data to Members and market data providers

Aquis Exchange has provided market data free of charge to Members and data vendors since the trading venue was launched in November 2013. The Company started charging market data vendors with effect from 1 July 2018.

Aquis Stock Exchange (AQSE)

Aquis Stock Exchange (AQSE) is a UK-based stock market providing primary and secondary markets for equity and debt products. It is permissioned by the FCA as a Recognised Investment Exchange, which allows it to operate a regulated listings venue.

Aquis Exchange announced the acquisition of AQSE (formerly NEX) on 4th March 2020. This acquisition is another step in Aquis' ambition to become the leading exchange services group in Europe. Underpinned by the Group's proven technology and a track record of transparency and innovation, the Board believes that Aquis' experience in building new businesses in the exchange industry and increasing liquidity, means it has the ability to transform the old NEX Exchange business at a time when MiFID II implications and other factors make the IPO industry ripe for innovation.

Growth Strategy

The key strategic areas of focus for the Company are:

- to capitalise on regulatory and technical shifts in market infrastructure by providing a trading venue which offers deeper liquidity and transparent, higher quality execution for intermediaries and investors;
- to continue to increase the trading levels of the existing Members;
- to increase the number of Members and associated trading volumes by providing a robust and innovative platform that responds to investors' needs, whilst maintaining a competitive pricing model; and
- to license its technology platform to third parties that require trading systems, market surveillance or gateway technology.
- to innovate in the IPO listings and secondary trading space for SMEs.

During 2019 the Company intends to focus on building its client base and trading activities in European equities. Given that a number of large investment banks are already Members and directing flow to Aquis Exchange, the Directors believe that the Company is well positioned to capitalise further on this.

In addition, the Directors believe that the available liquidity and continued investment in innovative products available to use on Aquis Exchange (for example, the MaC order) should drive material trading volume and market share increases.

The continued investment in the Company's technology supports the software licensing growth. The Company has created a suite of exchange products which have gained recognition for their quality and effectiveness. The Company intends to continue to focus on diversifying asset class capabilities and investing in brand and marketing to effectively promote and grow this activity. The number of suppliers of exchange industry technology is relatively limited and attendance at exhibitions and promotions, plus existing customer support and endorsements, suggests that the Aquis brand is gaining increased market reputation.

In the medium term, the Directors believe that the combination of a successful equities trading venue and thriving licensing business should offer the Company the opportunity to expand its activities internationally and develop trading venue activities in additional asset classes.

Risks Relating to the Company and its Industry

The Company is at an early stage of its life cycle and has a relatively short operating history. If the Company fails to attract new customers or sufficient volumes of trading from its current or future customers, or is unable to increase its market share, this could have a material impact on its prospects for success

The Company began commercial operations in 2013. The Company has a relatively short operating history, which makes evaluating the Company's business and prospects difficult. The Company cannot be certain that it will be able to attract sufficient new Members or sufficient volumes of trading from its current or future customers. For example, a number of the Company's customers allocate their business between exchanges and other trading venues by using complex computer algorithms. These algorithms are often based on historical data and consequently can appear to favour more established exchanges that have historically conducted more business with the customer in question even though the Company may have a more favourable price or more liquidity at the particular point in time.

The Company cannot be certain that it will be able to increase its market share or expand its technologies division. While the Company's market share has increased, there can be no assurance that the Company will be able to achieve the same level and rate of growth. Continuing to grow the Company's businesses will require increased investment in the Company's personnel, marketing and sales, and financial and management systems and controls. Unless the Company's growth results in an increase in its revenues that is proportionate to the increase in its costs associated with this growth, its future profitability will be adversely affected.

Economic and market conditions which are beyond the Company's control may adversely affect its business and financial condition

The Company is exposed to economic, political and geopolitical market conditions, macroeconomic and legislative and regulatory changes across a number of jurisdictions, geographies and markets (in particular in the UK and Europe more generally), which are beyond the Company's control. The Company's trading venue business is dependent on levels of market activity, in particular upon the number of messages sent by subscribers, the number of traders in the market and other similar factors. To the extent that global, European or UK economic conditions weaken, the Company's trading venue and other businesses are likely to be negatively affected. The future economic environment may be subject to periodic downturns, including possible recessions, austerity programmes and ongoing volatility in financial markets. This could result in decreased levels of customer subscriptions, customer demand for Company technology and a more difficult operating environment for the Company.

The Company faces competition from a variety of sources across its business divisions. If the Company is unable to compete effectively certain aspects of the business could be significantly damaged which could result in loss of revenue and reputation

The areas of financial industry in which the Company operates are competitive, and the Company faces competition from a number of sources, many of whom have larger customer bases, more established name recognition and greater financial, marketing and technological resources. Competition has been intensified by trends toward the liberalisation, technological innovation and globalisation of world capital markets, which have resulted in greater mobility of capital, greater international participation in local markets and more competition among markets in different geographical areas, as well as consolidation of the industry by mergers and business combinations.

The Company competes with other trading venues in a variety of ways, including the cost of using Aquis Exchange, quality and speed of trade execution, liquidity, levels of market toxicity, functionality, ease of use, security and performance of trading systems, the ranges of products and services offered to trading participants, technological innovation and reputation. In particular, competitors may be able to exploit differences in the regulatory requirements that apply to the Company and other operators of trading venues or consolidate and/or form alliances, which may create greater liquidity, lower costs, and more attractive pricing models to customers than the Company can offer.

If the Company is unable to adapt to changing market pressures or customer demands, maintain and increase its market share given the intense competition, a decline in the Company's market share and trading activity would mean that its revenues could decline. In addition, a decrease in the market share of the Company's MTF business could adversely impact other business segments, which may be seen by current and prospective

customers as less valuable, any of which could have a material adverse effect on the Company's business, cash flows, financial condition and results of operations.

The Company operates in highly regulated markets and is subject to extensive regulatory oversight

Significant new regulatory requirements have been and continue to be imposed on financial institutions and exchanges and other trading venue operators, central counterparties, central securities depositories and index administrators which may impact the Company, as well as its customers, including the members of Aquis Exchange and the customers of its technology licensing and market data business.

Among the requirements relevant to the Company and its customers under the European regulatory framework are new rules under the revised Markets in Financial Instruments Directive (the "MiFID II Directive") and the Markets in Financial Instruments Regulation ("MiFIR") (collectively, "MiFID II"), the European Market Infrastructure Regulation ("EMIR"), the regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "Benchmarks Regulation"), the Capital Requirements Directive and the Capital Requirements Regulation (collectively, "CRD IV"), the revised Market Abuse Regulation ("MAR"), the Central Securities Depository Regulation ("CSDR") and the Bank Recovery and Resolution Directive ("BRRD"). In addition, the securities trading industry is subject to significant regulatory oversight and could be subject to increased governmental and public scrutiny in the future in response to global conditions and events.

MiFID II introduced a number of new rules that directly affect the Company's business. Those rules have been in force only since 3 January 2018 and, as a result, their full impact on the market and the approach of regulators in interpreting and enforcing them remain unclear. If the Company is unable to respond effectively to the changes in the market or regulatory environment that result from the implementation of these two pieces of legislation, then MiFID II could have a negative impact on its business.

In particular, the Company relies on a number of pre-trade transparency waivers under MiFID II to offer certain order types to its Members. Those waivers have been granted by the FCA, but remain subject to opinions to be issued by the European Securities and Markets Authority ("ESMA") confirming their application. If ESMA determines that the relevant waivers do not comply with MiFID II, the Company may be required to withdraw the order types that rely on them, which could have a negative effect on trading volumes and the Company's revenues.

Future changes in the legal and regulatory environment in which the Company's businesses operate, including changes to implementing rules, legislation or corresponding guidance, may impose stricter requirements on the Company and its customers. Such developments may in particular affect the Company's trading venue business. In particular, such developments:

- (A) May limit the ability of the Company to provide certain of their current or planned services, to build an efficient, competitive organisation and to expand foreign and global access to Aquis Exchange and other services;
- (B) may place financial and corporate governance restrictions on the Company;
- (C) may make it difficult for Aquis Exchange to compete with other competitors in other jurisdictions, such as Switzerland;
- (D) may impact the levels of customer demand for its services;
- (E) may impose restrictions such as capital requirements and proprietary trading restraints on market participants or otherwise cause market participants to change their behaviour in a manner that reduces their use of Aquis Exchange;
- (F) may significantly increase compliance and associated costs of the Company, for instance by requiring the businesses of the Company to devote substantial time and cost to the implementation of new rules and related changes in its operations; and
- (G) may materially increase the costs of, and restrictions associated with, trading and clearing which could decrease subscription numbers, sales of technology and profits.

Non-compliance with legal and regulatory requirements may result in the Company becoming subject to regulatory sanctions, fines, censures and other regulatory, administrative or judicial proceedings, including, in extreme circumstances, the withdrawal of authorisations, regulatory approvals, licences or exemptions required to operate the Company's business

The failure of the Company or any of its employees to comply with legal and regulatory requirements could result in the Company and/or its employees becoming subject to investigations and regulatory, administrative or judicial proceedings. These investigations and proceedings may result in substantial criminal and/or civil sanctions, fines, censures and penalties, including the restriction or revocation of an authorisation, regulatory approval, licence, recognition, exemption or registration that the Company relies on in order to conduct its business.

Any such investigation or proceeding, whether successful or unsuccessful, could result in substantial costs and diversions of resources and could negatively impact the Company's reputation, revenues and business.

While the Company has implemented policies and procedures that are intended to ensure its compliance with legal and regulatory requirements, any failure in the design or implementation of those policies and procedures could lead to the Company and/or its employees to breach applicable legal and/or regulatory requirements or could itself amount to a breach of those requirements, with the potential consequences referred to above.

The Company is exposed to conduct risk

Conduct risk is the risk that decisions and behaviours of a company or its employees do not support the integrity and effective functioning of financial markets, lead to its customers or clients being treated unfairly, or otherwise result in detrimental customer or client outcomes or regulatory breach. Conduct risk may arise in a number of circumstances, including where the Company fails to design, implement or adhere to appropriate policies and procedures, fails to communicate appropriately with customers or clients or fails to deal with complaints effectively.

This risk may also arise as a result of employee (mis)conduct. The Company is exposed to risk from potential non-compliance with policies, employee misconduct or negligence and fraud, which could result in regulatory sanctions and serious reputational or financial harm. It is not always possible to deter or prevent employee misconduct, and the precautions the Company takes to detect and prevent this activity may not always be effective.

Any failure to mitigate these risks effectively could lead to legal proceedings or regulatory enforcement action against the Company. This could in turn lead to financial penalties, reputational damage and, in the case of regulatory enforcement action, the suspension or revocation of regulatory authorisations, permissions, licences or approvals. This could have a material adverse effect on the business of the Company.

The UK's exit from the EU could impact the regulatory framework applicable to the Company's business, or the market and economic conditions in which it operates

On 29 March 2017, the UK government served notice under Article 50 of Treaty of Lisbon, triggering the process of the UK's withdrawal from the EU ("Brexit"). The UK officially withdrew from the EU on 31st January 2020. A deal on access rights and the future relationship between the UK and the EU is being negotiated with a transition period ending in December 2020. A significant proportion of the regulatory regime applicable to the Company's activities is derived from EU legislation and regulation. There continues to be a high degree of uncertainty as to the full implications of Brexit for the regulatory regime applicable to the Company or for the UK's financial sector as a whole. This is likely to continue in at least the medium term. It is possible that Brexit will materially change the regulatory framework applicable to the Company, which could restrict the Company's operations or increase its operating costs. In addition, Brexit could restrict the movement of capital and skilled personnel into the UK, which could have an adverse effect on the Company's business.

The Company currently carries on business in a number of EEA states in exercise of so called "passporting" rights under the MiFID II regime. It is likely that UK-authorized investment firms (including the Company) will lose the benefit of those rights following Brexit. More generally, Brexit may change the approach of EU regulators towards the listing or trading of shares in EU-listed or incorporated corporates on UK trading venues or the approach and outlook of EU investment firms as regards the permissibility or desirability of trading in financial instruments through UK trading venues. Brexit could also restrict the Company's ability to access EU market and clearing infrastructure. Any general downturn in economic or trading activity arising from Brexit is also likely to have an adverse impact on the Company (see Risk Factor 1.2 above).

The Company has developed contingency plans the purpose of which is to mitigate certain risks arising from Brexit and, in particular, the Company's anticipated loss of EU passporting rights. If the Company's contingency plan fails to address these risks, this could have a material adverse effect on the Company's business and continued development. Certain risks arising from Brexit cannot, however, be adequately addressed by contingency planning. This includes risks relating to broader political considerations or arising from the persistent uncertainty as to the nature of the relationship between the UK and EU following Brexit. It therefore remains possible that changes to the legal, operational or macroeconomic environment that arise in connection with Brexit will have an adverse effect on the business or financial position of the Company. As a contingency the Company

opened a subsidiary company authorised and regulated by the ACPR/AMF as from January 2019 to operate an MTF in France.

Dependence on key executives and personnel

The Company's future development and prospects depend to a significant degree on its capacity to attract and retain key personnel. As a small organisation, the Company relies on a core team of staff and is therefore exposed to any significant departures of key personnel. In particular, the Company's performance depends significantly on the efforts, abilities, experience, performance and continued service of its senior management team, including Alasdair Haynes (founder and chief executive officer of the Company), Jonathan Clelland (chief financial officer and chief operating officer of the Company), Graham Dick (head of sales at the Company), David Attew (head of regulation at the Company) and other members of the Company's executive, operational and technical teams. These individuals have substantial experience and expertise in the different aspects of the Company's business and operations and have made significant contributions to the Company's continuing growth and success. As a result, these key senior personnel are one of the Company's most important assets. If members of the Company's key senior personnel depart, the Company may not be able to find effective replacements in a timely manner, or at all, and its business may be disrupted or damaged.

In addition, the Company is highly dependent on its ability to recruit, train and retain highly skilled personnel, particularly due to the Company's reliance on its ability to produce and develop complex technological products, such as the market surveillance technology it has developed for banks, brokers, investment firms and exchanges. Any inability to recruit, train or retain such personnel, particularly the loss of key personnel to a competitor, could affect the Company's business generally or its expansion plans, which could have a material adverse effect on its business, results of operations and its overall financial condition.

The success of the Company's business depends on its ability to keep up with and exploit rapid technological and other regulatory changes affecting the Company's industry; failure to do this may adversely impact the Company

The markets in which the Company operates are subject to rapid technological and regulatory changes. Therefore, technology and the Company's distinctive business model are key components of the Company's business strategy. The Company's success will partially depend on its ability to:

- (A) Develop, license and commercialise new technologies;
- (B) enhance existing trading platforms and surveillance services;
- (C) obtain any regulatory approvals necessary to launch new products and services or deploy new technologies in its provision of existing products and services;
- (D) anticipate and respond to customer demands, technological advances and changing industry and regulatory standards; and
- (E) continue to attract and retain highly skilled technology staff to maintain and develop existing technology and to adapt to and manage new technology.

The Company will therefore be required to devote significant additional resources to improve and adapt its services, for example by ensuring that increases in message traffic can be accommodated without an adverse effect on system performance. This may result in substantial development, sales and marketing expenses and expend significant management effort to add new products or services. Consequently, if revenue does not increase in a timely fashion, the up-front costs associated with expansion may exceed related revenues and reduce its working capital and income. In addition, if the Company is unable to adapt to technological advancements and changing industry and regulatory standards on a timely and cost-effective basis, it may be unable to compete effectively.

Any failure or delay in exploiting technology, or failure to exploit technology as effectively as the Company's competitors could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Regulatory capital

In order to maintain its regulatory status, the Company is subject to minimum regulatory capital requirements. There is a subjective element to the calculation of those requirements, and the FCA may require the Company to hold additional regulatory capital to address any issues that it believes are not adequately addressed by the

Company's internal capital adequacy assessment and procedures document. Changes to the business activities or risk profile of the Company could also result in it being required to hold additional regulatory capital.

Any changes to the capital requirements applicable to the Company may result in increased capital being required, which may have a materially adverse effect on the Company's ability to deliver its strategy, its business and cash flows, financial condition and operating results. In particular, the Company may be required to raise further capital by equity issuance or other appropriate financing in order to ensure compliance with applicable regulatory capital requirements. Any failure to do so may lead to the Company being subject to regulatory sanctions or other restrictive measures, including the restriction of dividends or revocation of operating licences, and may, over the long term, adversely affect the Company's reputation, its business and cash flows, financial condition and operating results.

The Company has incurred substantial net losses since its inception to date and anticipates possible future losses

The Company has incurred substantial net losses since its inception in 2013 and experienced an adjusted operating loss pre-exceptionals of £2.7 million for the year ended 31 December 2018. To date, the Company has been financed primarily by capital contributions from its investors. The Company has not achieved a profit on its ordinary activities before taxation in any financial year and may continue to make losses on its ordinary activities before taxation in the future while it pursues its growth strategy. In addition, the Company will continue to incur significant capital and operating expense in coming years in connection with such strategy. Over the next few years such expenses will include investment in its existing core matching engine and other technology developments, alongside brand development and marketing activities and potential increases in personnel. In order to become profitable, the Company will need to increase Member numbers and enhance trading volumes or reduce costs and expenses; there is no certainty that the Company will be able to achieve the appropriate efficiency targets to enable it to build sufficient profitability.

Operational and system failure

An operational failure in the Company's processes could result in losses and, in some circumstances, in a regulator taking enforcement action against the Company. If the products and services of the Company contain undetected errors or fail to perform properly, such errors or failures could have a material adverse effect on its business, financial condition or results of operation and may lead to claims from the Company's licensees, which may be costly to defend and result in the payment of damages. The Company's business depends on the effective operation of its computer and communication systems. If these systems malfunction, are unable to cope with increased demand or otherwise fail to perform, the Company's services may be disrupted. In addition, the Company is vulnerable to damage or interruption from human error, natural disasters, power loss, cyber-attacks, computer viruses, unauthorised access, security breaches or similar events, which may not be covered by or may be in excess of its insurance coverage. While the Company has in place procedures and controls to prevent failures of these processes, and to mitigate the impact of any such failures, any operational error could have a material adverse effect on its business and cash flows, financial condition, results of operations, reputation and brand name.

In addition, the Company cannot assure customers that any of its third party providers (for example Central Clearing Counterparties, such as EMCF, LCH.Clearnet Ltd and X-Clear) will be able to continue to provide services in an efficient manner to the Company. An interruption or malfunction in or the cessation of an important service by any third-party and the Company's inability to make alternative arrangements in a timely manner, or at all, could have a material adverse impact on its business, financial condition and operating results.

The Company's networks and those of its third-party service providers may be vulnerable to security risks, cyber-attack or other leakage of sensitive data

The Company accumulates, stores and uses data in its operating business that is sensitive and/or subject to data protection laws in the countries in which it operates. Additionally, as with all IT dependent companies, the Company's IT systems and networks, and those of its third-party service providers, may also be vulnerable to cyber-attacks, unauthorised access, computer viruses and other security issues (despite regular testing, security reviews and awareness campaigns). Persons who circumvent security measures could wrongfully access and use the Company's information or customers' information, or cause interruptions or malfunctions in their operations. Although the Company takes precautions to protect data in accordance with applicable laws, the security measures taken by the Company may ultimately prove inadequate, and it is possible that there may be leakages in the future. Loss or leakage of sensitive data, fraud in relation to sensitive data or violation of data protection laws, whether due to cyber-attack or otherwise, may result in reputational damage, regulatory sanctions, litigation, loss of trading share, loss of trading volume and loss of revenues or financial losses.

Financial or other problems experienced by third parties could have an adverse effect on the Company's business

The Company is exposed to credit risk from third parties, including customers, clearing agents and counterparties. For example, the Company is exposed to credit risk for subscription fees it bills to customers on a monthly basis. The Company's customers and other third parties may default on their obligations to the Company due to lack of liquidity, operational failure, bankruptcy or other reasons.

Changes in tax law may result in an increase in the overall tax burden of the Company and its customers which could have a material adverse effect on the Company's business

Any change in tax law, interpretation or practice, or in the terms of tax treaties, in a jurisdiction where the Company or its customers are, or could become, subject to tax could increase the amount of tax payable by the Company and/or its customers. In addition, a number of bodies have indicated that they will consider reforms to their tax laws, for instance by introducing a financial transaction tax and/or a tax on high frequency trading. Any material change in tax law could cause a decrease in trading volumes and/or a shift of trading to foreign markets outside Europe or migration of volumes to less regulated markets, any of which might lead to a fall in demand for the services of the Company, which may impact the Company's market share and its prospects for success.

The Company may not have adequate protection for its intellectual property rights and may be subject to allegations that it has infringed the intellectual property rights of others

The trading and market surveillance software and other key proprietary intellectual property of the Company is not protected by patents or registered design rights, which means that the Company cannot preclude or inhibit competitors from entering the same market if they develop the same or similar technology independently. The Company is therefore reliant on copyright, trade secret protection, database rights and confidentiality and licence agreements with its employees, clients and others to protect its intellectual property rights. Although the Company has taken steps consistent with industry practice to reduce these risks, such steps may be inadequate. The protective steps taken may be inadequate to deter misappropriation of the Company's intellectual property. The Company may be unable to detect the unauthorised use of, or take appropriate steps to enforce, its intellectual property rights. Failure to protect its intellectual property rights could harm its reputation and affect its ability to compete effectively. Furthermore, defending its intellectual property rights may require significant financial and managerial resources. Any of the foregoing could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

In addition, third parties may assert intellectual property rights claims against the Company or against licensees who have the benefit of an infringement indemnity against the Company, which may be costly to defend, could require the payment of damages and could limit the Company's ability to use certain intellectual property. Any intellectual property claims, with or without merit, could be expensive to litigate or settle and could divert management resources and attention. Successful challenges against the Company could require it to modify or discontinue its use of technology or business processes where such use is found to infringe or violate the rights of others, or require the Company to purchase licences from third parties, any of which could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Data protection

The Company is subject to a number of laws relating to privacy and data protection, including the UK's Data Protection Act 1988 and the Privacy and Electronic Communications (EC Directive) Regulations 2003 and the EU General Data Protection Regulation (GDPR). Such laws govern the Company's ability to collect, use and transfer personal information relating to its customers as well as its employees. The Company relies on third party contractors and its own employees to collect personal data and to maintain its databases and, therefore, is exposed to the risk that such data could be wrongfully appropriated, lost or disclosed, damaged or processed in breach of data protection regulations.

Despite controls to protect the confidentiality and integrity of customer information, the Company may breach restrictions or may be subject to attack from computer programmes that attempt to penetrate its network security and misappropriate confidential information.

If the Company or any of the third party service providers (such as EMCF, LCH.Clearnet Ltd and X-Clear) on which it relies fails to safeguard or transmit information and/or payment details online in a secure manner, or if any unauthorised or unlawful loss, disclosure or destruction of personal data were otherwise to occur, the Company may be subject to claims from third parties relating to the infringement of privacy rights and/or investigative or enforcement action (including criminal proceedings and significant pecuniary penalties) by the Information Commissioner's Office in the UK. Whilst the Company strives to comply with all applicable laws, regulations, policies and legal obligations relating to privacy and data protection, it is possible that such requirements may be interpreted and applied in a manner that may conflict with other rules or the Company's practices.

Any perceived or actual failure to protect confidential data could harm the Company's reputation and credibility, reduce its sales, reduce its ability to attract and retain customers or result in litigation or other actions being brought against it or the imposition of fines. It could also result in the loss of goodwill of its customers and deter new customers. Each of these factors could have a material adverse effect on its business, results of operations and financial condition.

The use of open source software code may subject parts of the Company's software to general release or require it to re-engineer its software, which could harm its business

The Company has used open source software code to create its proprietary software for use in its business. Whilst it is now very common to use open source software, companies that use open source software with their own software products have, from time to time, faced claims challenging such use and claiming rights to the products. As a result, depending on the way in which the Company has used and distributed its works, the Company could be subject to suits by parties claiming certain rights to the proprietary software which was used with open source software.

In addition, some open source software licences require users who distribute open source software as part of their software to publicly disclose all or part of the source code in their software and make any derivative works of the open source code available on unfavourable terms or at no cost. Open source licence terms may be ambiguous and many of the risks associated with usage of open source software cannot be eliminated.

The Company believes that its use of open source software is in compliance with the relevant open source software licences and does not require disclosure of any of the Company's source code. However, as with any business using open source software, if it were found to have inappropriately used or distributed that open source software, it may be required to release certain elements of its proprietary source code, re-engineer or discontinue use of its software or take other remedial action. Finally, in the event that the code in the Company's software was found to be in breach of an open source licence, there is also a potential risk that the Company's onward customers could be alleged to be using the code unlawfully.

Any of these events could have a material adverse effect on the Company's business, financial condition and operating results.

Damage to the reputation of the Company

One of the competitive strengths of the Company is its strong industry reputation. Various issues may give rise to reputational risk, including issues relating to the Company's ability to keep up with customer demand and regulatory initiatives, the integrity and performance of the Company's technology and the robustness of the Company's corporate governance structure. Damage to the reputation of the Company could cause a reduction in the trading volume on Aquis Exchange or a loss of customers. It could also impair the Company's ability to license its trading and market surveillance software to other market participants. Any of these events could have a material adverse effect on the Company's business, financial condition and operating results.

The Company may become subject to significant litigation risks and other liabilities

Many aspects of the Company's business involve litigation risks. Some of the litigation risks arise under the laws and regulations relating to tax, anti-money laundering and data protection. These risks also include potential liability from disputes over terms of a securities trade or relating to a product supplied by its technology division, or from claims that a system or operational failure or delay caused, monetary losses to a customer, as well as potential liability from claims relating to facilitation of unauthorised transactions. As the Company grows, it may become involved in allegations of misuse of third party intellectual property or other commercial disputes. Claims may arise against its service providers regarding improperly cleared or settled trades. Any such litigation (either individually or in the aggregate) could be lengthy and costly, and could result in the expenditure of significant financial and management resources, which could adversely affect the Company's business and cash flows, financial condition and results of operations.

Loss of key customers

The Company's Member revenue concentration is relatively high. In 2018, 81% of the Company's trading venue revenue derived from the Company's top ten fee-paying Members, with the Company's top three Members alone generating 37% of the Company's total trading venue revenue. The loss of one or more of these key Members may have a materially adverse effect on the Company's revenues, particularly in the absence of greater Member diversification by the Company.

Financial Risk Management

The Company's financial instruments comprise cash and liquid resources, and various items such as trade receivables and trade payables that arise directly from its operations. The main financial risks arising from these financial instruments are credit, liquidity, foreign currency and interest rate risk. The company has put in place the following measures in order to manage these financial risks. The financial risks arising from these financial instruments are considered low because of the nature of the company's structure, its culture and its oversight by the Financial Conduct Authority. The Company proactively manages all aspects of its work in order to either remove or reduce any financial risks. The Company does not use any financial derivatives.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with its financial instruments. Liquidity risk may also result from an inability to sell a financial asset quickly at its fair value. The objective of liquidity management is to ensure that the Company has sufficient funds to meet its contractual and financial obligations. To manage liquidity risk, the company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the company's operation.

The Company has sufficient cover with a net capital position at 31st December 2018 of £14.6m held in cash and cash equivalents to meet the financial liabilities falling due within one year of the reporting date.

Interest rate risk

The company has no significant interest-sensitive assets and liabilities. Cash and cash equivalents earn interest at rates based on the banks' deposit rates.

Foreign currency risk

The company has no significant assets and liabilities which are sensitive to currency fluctuations.

Credit risk

Credit risk arises mainly from trade receivables. The Company aims to trade with recognised and creditworthy clients. The company has a stringent due diligence process for all new and existing clients. Ongoing credit evaluation is performed on the financial condition of clients and the company follows up any overdue balances.

The credit risk on the company's bank balances is limited as the counterparties are banks with good reputations.

The risk arising from the possible non advance of credit by the Company's trade payables either by exceeding the credit limit or not paying within the specified terms, is managed by prompt payment and regularly monitoring the trade balance and credit limit terms for all suppliers.

Board of Directors

Overview

The board of directors is responsible for the proper management of the Company by formulating, reviewing and approving the Company's strategy, budgets, and corporate actions. In order to achieve its objectives, the board adopts the eighteen main principles and the supporting principles of the Code. Through successfully implementing these principles, the Company seeks to deliver long-term growth for shareholders and maintain a flexible, efficient and effective management framework within an entrepreneurial environment.

The Directors implemented appropriate measures (having regard to the current stage of development of the Company) to comply, so far as practicable, with the UK Corporate Governance Code (the "Code"). The Company has five Non-Executive Directors and two Executive Directors, reflecting a blend of different experiences and backgrounds. The Board considers all Non-Executive Directors to be independent.

The Board retains full and effective control over the Company. The Company holds regular Board meetings at which financial and other reports are considered and, where appropriate, voted on. Apart from regular meetings, additional meetings will be arranged when necessary to review strategy, planning, operational and financial performance, risk, capital expenditure and human resource and environmental management and allow for Director training to take into consideration the changing regulatory environment. The Board is also responsible for monitoring the activities of the executive management.

The Directors have established an Audit, Risk and Compliance Committee ("ARCC") and a Nominations and Remuneration Committee ("N&RC") with formally delegated duties and responsibilities.

The ARCC is currently comprised of Mark Goodliffe (Chairman) and Mark Spanbroek. It will determine and examine any matters relating to the financial affairs of the Company including the terms of engagement of the Company's external and internal auditors and, in consultation with the auditors, the scope of the external and internal audits. In addition, it will consider the regulatory, technical and operational risks of the Company and ensure these risks are properly assessed, monitored and reported on and the appropriate policies and procedures are in place. The ARCC will meet not less than four times in each financial year, or as otherwise required, and will have unrestricted access to the Company's auditors.

The N&RC is comprised of Richard Bennett (Chairman) and Niki Beattie. The N&RC will review and recommend nominees as new Directors to the Board and the performance of the Executive Directors and set their remuneration, determine the payment of bonuses to the Executive Directors and consider the Company's bonus and incentive arrangements for employees. In exercising this role, members of this committee will have regard to the recommendations put forward in the Code and any other requirements for financially regulated companies that are applicable to the Company. The N&RC shall meet not less than twice a year and at such other times as required.

Board Composition

Aquis considers it important that the board itself contains the right mix of skills and experience in order to deliver the strategy of the Company. As such, the board is comprised of:

- 1 independent chairperson, who is responsible for leadership of the board and ensuring its effectiveness on all aspects of its role. The Chairperson has primary responsibility for the delivery of the Company's corporate governance model. The chairperson has a clear separation from the day-to-day business of the Company which allows him or her to make independent decisions;
- 2 executive directors;
- 5 independent, non-executive directors;

Nicola Beattie - Independent Non-Executive Chairman

Niki is the non-executive Chairman of the Company and a member of the Nominations and Remuneration Committee. She joined the Board in January 2013. Niki is also Chairman of XTX Markets Limited, as well as a director of XTX Holdings Limited, and she is a non-executive director on the boards of Borsa Istanbul (Turkey), IRESS, a listed Australian financial technology company, and Kepler Cheuvreux UK Limited. She was previously on the board of MOEX, Russia's exchange, from 2012-2016. Alongside these roles, she also sits on the Consultative Working Group to ESMA's Secondary Markets Standing Committee and is a member of the UK FCA's Regulatory Decisions Committee. Niki is also founder of Market Structure Partners, a strategic consulting company advising market participants around the globe about structural changes in capital markets infrastructure. Prior to that she spent 17 years working in investment banking where she ultimately became managing director and head of EMEA Market Structure at Merrill Lynch International.

Niki's term on the Board of the Company is due to expire in June 2020, after which she will be eligible to extend for a further 2 years.

Alasdair Haynes - Chief Executive Officer

Alasdair Haynes is the Chief Executive Officer ("CEO") of the Company. He founded the Company in 2012 after identifying the opportunity for providing a high quality equities exchange differentiated from all other exchanges through the introduction of a subscription pricing model and subsequently the introduction of a ban on aggressive trading by proprietary trading firms. Prior to founding the Company, Alasdair was CEO of Chi-X Europe. Alasdair, as CEO of the Company, is responsible for the overall strategic development of the Company and has been instrumental in the expansion and strong organic growth of the Company.

Jonathan Clelland - Chief Financial Officer, Chief Operating Officer and Company Secretary

Jonathan Clelland is the Chief Financial Officer and Chief Operating Officer ("COO") of the Company. Jonathan joined the Company in 2012 when the Company was started and is responsible for all financial and administrative

aspects of the Company. Prior to joining the Company, Jonathan was the COO of Shearman & Sterling (London) LLP and COO of HSBC Bank plc Corporate Finance and Advisory Division.

Jonathan is also the company secretary who assists the chairperson in preparing for and running effective board meetings, including the timely dissemination of appropriate information. The company secretary provides advice and guidance to the extent required by the board on the legal and regulatory environment.

Richard Bennett - Senior Independent Non-Executive Director

Richard is a Non-Executive Director of the Company, Chairman of the Nominations and Remuneration Committee and member of the Audit, Risk and Compliance Committee (ARCC). He joined the Board in March 2014. Richard is the ex-Group Managing Director & Group General Counsel of HSBC Holdings plc. He was also a specialist adviser to the Parliamentary Commission on Banking Standards and the Treasury Committee.

Richard's term on the Board of the Company is due to expire in June 2020, after which he will be eligible to extend for a further 3 years.

Glenn Collinson – Independent Non-Executive Director

Glenn is a Non-Executive Director of the Company and member of the N&RC. He joined the Board in January 2019. Glenn is a Non-Executive Director of SDL PLC, Chairman of the Strategic Growth Committee of PureLiFi and Non-Executive Director of VSORA. Glenn resigned from the Board in March 2020 and was appointed to the Board of AQSE.

Mark Goodliffe - Independent Non-Executive Director (Chair of the ARCC)

Mark is a Non-Executive Director of the Company and Chairman of the ARCC. He joined the Board in March 2018. Mark is an independent Non-Executive Director and Chairman of the Audit Committee of CME Trade Repository Limited.

Mark's term on the Board of the Company is due to expire in June 2021, after which he will be eligible to extend for a further 3 years.

Mark Spanbroek - Independent Non-Executive Director

Mark is a Non-Executive Director of the Company and member of the ARCC. He joined the Board in March 2013. Mark is chairman of the supervisory Board of Transtrend BV and was previously a non-executive Chairman of CME Europe Limited. Mark is also Vice Chairman of FIA-EPTA the Futures Industry Association.

Mark's term on the Board of the Company is due to expire in June 2020, after which he will be eligible to extend for a further 2 years.

Board Meeting Frequency

Each director serves on the board until the annual general meeting following his or her election or appointment.

The Board meets at least 4 times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.

All board members were present for these board meetings, with no apologies for absence. The attendance record for the company board meetings which have taken place during 2019 are as follows:

Board Member	Nov '18	Mar '19	Sep '19	Dec '19
Nicola Beattie (Chairperson of the Board)	✓	✓	✓	✓
Richard Bennett	✓	✓	✓	✓
Glenn Collinson (Joined Aquis January 2019)		✓	✓	✓
Mark Goodliffe	✓	✓	✓	✓
Mark Spanbroek	✓	✓	✓	✓
Alasdair Haynes (CEO)	✓	✓	✓	✓
Jonathan Clelland (CFO & COO)	✓	✓	✓	✓

Independence Criteria for the Aquis Board of Directors and its Committees

The Nomination and Remuneration Committee ("N&RC") annually submits to the full board of directors of Aquis Exchange PLC (the "Board") a proposal concerning the determination of the independent status of the Board members ("Director"). At the outset, the N&RC and the Board determine whether a director is independent in character and judgement and reviews this on an on-going basis. The N&RC the Board then consider whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement based on the criteria below.

For purposes of such assessment, the N&RC considers all relevant facts and circumstances of which it is aware. The majority of Directors and any member of the Audit, Risk and Compliance Committee ("ARCC Director") must meet the independence criteria set out in the Code and set out below.

In order to be considered independent a Director shall not have any material relationship with Aquis and any of its subsidiaries, other than his/her service as a director. A Director will not be considered independent if:

- The Director or a Family Member owns more than 5% of the stock of Aquis
- The Director or a Family Member has received direct compensation of £120,000 or more per annum from Aquis within the last three years
- The Director or a Family Member is, or has been within the last three years, an employee of Aquis
- The Director or a Family Member is a current partner of the auditor of Aquis ("Auditor") or an employee working on the Aquis audit
- The Director or a Family Member is a former partner or employee of the Auditor who worked on Aquis' audit during the last three years
- The Director or a Family Member has served as a director of Aquis for more than 9 years
- The Director or a Family Member is a board member or employee of an enterprise or holds, individually, or in aggregate with Family Members, more than 10% of the shares in an enterprise that has made payments to or received payments from Aquis for goods, property or services in an amount that exceeds, in any of the last three fiscal years, 10% Aquis's consolidated gross revenues
- The Director or a Family Member is a board member or employee of an enterprise that contributes to greater than 15% of Aquis' gross exchange turnover (€ value) on an annual basis

In addition to the independence criteria set above, an ARCC Director shall not be considered independent if:

- The ARCC Director or a Family Member accepts any salary or consulting, advisory or other compensatory fee (other than Board/Board Committee compensation) from Aquis
- The ARCC Director or a Family Member is a partner, a member, an officer such as a managing director, executive officer or occupies a similar position in an enterprise that provides advisory services such as accounting, legal, investment banking or financial advisory services to Aquis

If an ARCC Director simultaneously serves on the audit committees of more than two public companies other than Aquis, then the NRC must determine that such simultaneous service would not impair the ability of such Director to effectively serve on the ARCC.

Additional Information on the Directors

There are no outstanding loans granted by any member of the Company to any Director nor are there any

Board Performance

The Board undertakes an annual evaluation of its own performance, the performance of its formally constituted committees and that of individual Directors. This includes a formal process of self-appraisal reviewing the balance of skills, experience, independence and diversity present on the Board, and individual director performance, contribution and commitment to the Group to ensure that the Board and its committees continue to operate effectively, or to identify areas where action is required. The remainder of the Board is responsible for evaluating the performance of the Chairman. The Chairman also has responsibility for assessing the individual Board members' training requirements.

Annual Report and Accounts

<http://www.aquis.eu/investors/annual-and-interim-reports/>

The Audit and Risk Committee report on page 14 of the latest annual report of the Company, sets out details of the purpose of the Audit and Risk Committee and the basis of the preparation of the financial statements and the responsibilities of the directors and auditors in preparing the annual report.

Corporate Governance Committees

In compliance with UK best practice, the board has established corporate governance committees.

Audit, Risk and Compliance Committee - Terms of Reference

Purpose

The Board of Aquis Exchange PLC ('the Company') has established an Audit, Risk and Compliance Committee ('the Committee', 'ARCC') to monitor the Company's audit, compliance and risk management oversight to its commercial operations. In accordance with the Articles of Association of Aquis the Board of Directors of the Company ('the Board') has exercised its rights to delegate its authority to the Committee pursuant to a resolution of the Board dated 4th December 2017.

These Terms of Reference document the objectives and responsibilities of the Committee.

Composition

The chairman and members of the Committee shall be appointed by the Board, on the recommendation of the Nominations and Remuneration Committee in consultation with the chairman of the Committee. The Committee shall comprise at least two members at all times. All members of the Committee shall be independent non-executive directors. The Board shall satisfy itself that at least one member of the Committee has recent and relevant financial experience. At least one member of the Committee must have competence in accounting and/or auditing. The Committee as a whole shall have competence relevant to the sector in which the Company operates.

The Company chairman may be a member of, but not chair, the Committee in addition to the independent non-executive directors, provided he or she was considered independent on appointment as chairman.

All appointments shall be for a period of up to three years, which may be extended for further periods of up to three years.

The Committee chairman shall be appointed by the Board. In the absence of the Committee chairman and/or an appointed deputy at a Committee meeting, the remaining members present shall elect one of themselves to chair the meeting. The chief executive Officer and/or the chief operating officer should be in attendance at Committee meetings, but are non-voting members of the Committee.

In addition to the regular scheduled meetings the Committee chairman may call a meeting at his/her discretion or if requested to do so by the Board chairman, any Committee member, the head of Regulation or chief operating officer.

The Committee may invite other relevant parties to attend meetings and to assist the Committee as required from time to time. Representatives from management will attend meetings at the invitation of the Committee chairman and provide such reports and information as the Committee requires.

The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

The Committee chairman shall appoint a Committee secretary. The secretary shall (in conjunction with the Committee chairman) draw up the agenda and circulate it together with supporting papers, to Committee members and any other person required to attend at least five days before each meeting.

The Committee secretary shall minute the proceedings and resolutions of all Committee meetings, including the

names of those present and in attendance. Draft minutes of the Committee meetings shall be circulated promptly to all members of the Committee and comments invited within two weeks. Final draft minutes of the meeting will be approved at subsequent Committee meetings.

Frequency of Meetings

The Committee shall meet at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.

Outside of the formal meeting program, the Committee chairman, and to a lesser extent the other Committee members, will maintain a dialogue with key individuals involved in the Company's governance, including the Board chairman, the chief executive, the finance director, the external audit lead partner and the head of internal audit.

Duties and Responsibilities

The Committee shall have the below duties and responsibilities in respect of the Company and any subsidiary of the Company:

Financial Reporting

- Monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them.
- In particular, the Committee shall review and challenge where necessary:
 - the application of significant accounting policies and any changes to them;
 - the methods used to account for significant or unusual transactions where different approaches are possible;
 - whether the company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the external auditor's views on the financial statements; and
 - all material information presented with the financial statements, including the strategic report and the corporate governance statements relating to the audit and to risk management.
- Provide, when requested by the Board, advice on whether the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy and whether it informs the Board's statement in the annual report on these matters that is required under the Code.

Regulatory Obligations

- Monitor the Company's compliance with all relevant statutory and regulatory obligations.

Supervision of the financial control framework

- Recommend the appointment, reappointment and removal of the external auditors:
 - Make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor.
 - If the Board does not accept the Committee's recommendation, it shall include in the annual report and in any papers recommending appointment or re-appointment, a statement from the Committee explaining the recommendation and shall set out reasons why the Board has taken a different position.
 - Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements.
 - Develop and implement policy on the engagement of the external auditor to supply

non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

- Develop and oversee the selection procedure for the appointment of the audit firm, ensuring that all tendering firms have access to all necessary information and individuals during the tendering process.
- If an external auditor resigns, investigate the issues leading to this and decide whether any action is required.
- Oversee the relationship with the external auditor. In this context the Committee shall:
 - approve their remuneration, including both fees for audit and non-audit services, and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted;
 - approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit.
- Assess annually the external auditor's independence and objectivity taking into account relevant UK law, regulation, the Financial Reporting Council Ethical Standard 2016 ('the Ethical Standard') and other professional requirements and the relationship of the Company and any subsidiary with the auditor as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats including the provision of any non-audit services.
- Satisfy itself that there are no relationships between the auditor and the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity.
- Establish a policy on the employment of former employees of the company's auditor, taking into account the Ethical Standard and legal requirements, and monitor the application of this policy.
- Monitor the level of fees paid by the Company to the external auditor compared to the overall fee income of the firm, office and partner and assess these in the context of relevant legal, professional and regulatory requirements, guidance and the Ethical Standard.
- Assess annually the qualifications, expertise and resources, and independence of the external auditor and the effectiveness of the external audit process.
- Seek to ensure coordination of the external audit with the activities of the internal audit function to avoid duplication
- Evaluate the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the Committee.
- Develop and recommend to the Board the Company's formal policy on the provision of non-audit services by the auditor, including approval of non-audit services by the Committee and specifying the types of non-audit service to be pre-approved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements. The policy should include consideration of the following matters:
 - threats to the independence and objectivity of the external auditor and any safeguards in place;
 - the nature of the non-audit services;
 - whether the external audit firm is the most suitable supplier of the non-audit service;
 - the fees for the non-audit services, both individually and in aggregate, relative to the audit fee;
 - the criteria governing compensation.
- Meet with the external auditor at least once a year to discuss the auditor's remit and any issues arising from the audit.
- Discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team.
- Review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
 - a discussion of any major issues which arose during the audit;

- the auditor's explanation of how the risks to audit quality were addressed;
 - key accounting and audit judgements;
 - the auditor's view of their interaction with senior management; and
 - levels of errors identified during the audit.
- Review any representation letter(s) requested by the external auditor before they are signed by management.
 - Review the management letter and management's response to the auditor's findings and recommendations.
 - Review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the Committee.
 - Monitor and review the arrangements in respect of internal audit (or a third party contracted by the Company to perform an equivalent role) within the Company, including, specifically and to the extent applicable:
 - Approve the appointment or termination of appointment of the head of internal audit.
 - Review and approve the role and mandate of internal audit, monitor and review the effectiveness of its work, ensuring it is appropriate for the current needs of the organisation.
 - Review and approve the annual internal audit plan to ensure it is aligned to the key risks of the business.
 - Carry out an annual assessment of the effectiveness of the internal audit function, and as part of this assessment:
 - review and assess the annual internal audit work plan;
 - determine whether it is satisfied that the quality, experience and expertise of internal audit is appropriate for the business; and
 - review the actions taken by management.
 - Monitor and assess the role and effectiveness of the internal audit function in the overall context of the Company's risk management system and the work of compliance, finance and the external auditor.
 - Review reports and management letters from the internal auditors to monitor that the Company sufficiently deals with audit issues and recommendations that relate to commercial operations.
 - Review the Company's ICAAP and projected future ICAAP.

Supervision of compliance management framework

- Review that the Company's management has established and is following appropriate internal controls, business policies and practices, and adequate monitoring systems to ensure activities are conducted in compliance with the requirements of relevant legislation.
- Seek assurance from management that an appropriate system of internal controls is established and maintained covering all areas of operations.
- Approve material compliance policies.
- Monitor the findings of compliance reviews commissioned by the Compliance team.

Supervision of the risk management framework

- Assist in identifying, evaluating, mitigating and monitoring the business risks that the Company faces during the course of its commercial operations.
- Monitor accountability at a senior management level for risk oversight and control.
- Review the Company's data protection policies and management of these policies.
- Review the Company's risk profile, requiring the Company's management to regularly update and include an assessment and prioritisation of risks.
- Keep under review the Company's internal financial controls systems that identify, assess, manage and

monitor financial risks, and other internal control and risk management systems.

- Review and approve the statements to be included in the annual report concerning internal control, risk management and the viability statement.

Compliance and Risk Culture

- The Committee shall seek to foster an appropriate compliance and risk culture within the Company, and consider key risk, compliance and financial control issues in relation to the Company's commercial activities.
- The Committee shall ensure that the Company has an effective Whistleblowing policy and culture to support this:
 - Specifically, the Committee shall review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The Committee's objective is to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

General

- Request reports from management on any significant proposed regulatory or reporting issue, to assess the potential impact upon the monitoring and control systems within the business.
- Regularly review the Company's policies and management of Health & Safety Issues.
- Handle any other matter referred to the Committee by the Board.
- Report to the Board on how the Committee has discharged its responsibilities.

Reporting and Review

The Committee chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include:

- the significant issues that it considered in relation to the financial statements and how these were addressed;
- its assessment of the effectiveness of the external audit process, the approach taken to the appointment or reappointment of the external auditor, length of tenure of audit firm, when a tender was last conducted and advance notice of any retendering plans; and
- any other issues on which the Board has requested the Committee's opinion.

The minutes of all Committee meetings shall be provided to the Board.

The Committee chairman shall attend the annual general meeting to answer shareholder questions.

The Committee will conduct an annual assessment of its objectives, duties, responsibilities and compliance with Terms of Reference. The Committee will review these Terms of Reference annually and confirm their appropriateness. Where changes are required, these will be recommended to the Board for approval.

The Committee shall compile a report on its activities to be included in the company's annual report. The report should include an explanation of how the committee has addressed the effectiveness of the external audit process; the significant issues that the committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor; and all other information requirements set out in the UK Corporate Governance Code.

In compiling the report, the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but should include at least those matters that have informed the Board's assessment of whether the company is a going concern and the inputs to the board's viability statement. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

Other Matters

The Committee shall:

- Have sufficient resources to carry out its duties, including access to the Company secretary for assistance as required.
- Shall be provided with appropriate and timely training, both in the form of an induction program for new members and on an ongoing basis for all members.
- Shall be responsible for the coordination of the internal and external auditors.
- Shall work and liaise as necessary with all other Board committees.
- Shall arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.

Authority

The Committee is authorised to obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes necessary to do so.

Audit, Risk and Compliance Committee - Composition

The Audit, Risk and Compliance Committee has 2 Board members and 4 staff members in attendance.

It is comprised of the CEO, COO, Head of Regulation, Head of Surveillance and 2 independent, non-executive directors- Mr. Mark Goodliffe as the Chairperson and Mr. Mark Spanbroek.

4 meetings have been held in the last calendar year. The attendance record is as follows:

ARCC Member	Feb '19	Jun '19	Sep '19	Nov '19
Mark Goodliffe (Chair of the ARCC)	✓	✓	✓	✓
Mark Spanbroek	✓	✓	✓	✓
Alasdair Haynes (CEO)	✓	✓	✓	✓
Jonathan Clelland (COO)	✓	✓	✓	✓
David Attew (Head of Regulation)	x	✓	✓	x
Jon Knight (Head of Surveillance)	✓	✓	✓	✓

Remuneration and Nomination Committee - Terms of Reference

Purpose

The Nominations and Remuneration Committee (the 'Committee', 'N&RC') is a committee of the Board of Directors (the 'Board') of Aquis Exchange PLC (the 'Company') with the primary responsibility to recommend Board and Board Committee appointments to the Aquis Board and to develop policy on executive remuneration and for fixing the remuneration packages of individual directors and senior managers. In accordance with the Articles of Association of Aquis the Board has exercised its rights to delegate its authority to the Committee pursuant to a resolution of the Board dated 8th June 2018.

Membership

The Committee shall comprise a minimum of two people at all times and all of the members serving on the Committee should be independent non-executive directors. The chairman of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as chairman. Members of the Committee shall be appointed by the Board in consultation with the chairman of the Committee.

Only members of the Committee have the right to attend committee meetings. However, other individuals such as the Chief Executive Officer, the Chief Operating Officer and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

Appointments to the Committee shall be made by the Board in consultation with the Committee chairman and shall be for a period of up to three years, which may be extended for up to two further periods of up to three years, provided the director continues to be independent.

The Board shall appoint the Committee chairman who should be an independent non-executive director. The Company chairman may not chair the Committee. In the absence of the Committee chairman and/or an appointed deputy at a Committee meeting, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board.

Secretary

The Company secretary or his or her nominee shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

Quorum and Voting

The quorum necessary for the transaction of business shall be two, both of whom must be independent non-executive directors. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

Members may participate in a meeting of the Committee by means of a telephone or other communication equipment.

Any matters to be determined by the Committee shall be decided by a majority of the votes cast at a meeting of the Committee called for such purpose. Each member of the Committee shall have one vote which may be cast on matters considered at the meeting.

If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.

Frequency of meetings

The Committee shall meet at least twice a year and otherwise as required.

Notice of meetings

Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chairman.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, and any other person required to attend, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

Minutes of meetings

The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and comments invited within two weeks. Final draft minutes of the meeting will be approved at subsequent Committee meetings and copies circulated to the following Board meeting unless in the opinion of the Committee chairman it would be inappropriate to do so.

Annual General Meeting

The Committee chairman should attend the annual general meeting to answer any shareholder questions on the Committee's activities.

Duties

The Committee should carry out the duties below in respect of the Company and for any subsidiary of the Company that may from time to time exist. The Committee shall:

Nomination

- Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes.
- Formulate plans for succession for both executive and non-executive directors and in particular for the key roles of chairman and chief executive, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future.
- Keep under review the strategic direction and leadership needs of the Company and any subsidiary, both executive and non-executive, with a view to ensuring the continued ability of the Company and any subsidiary to compete effectively in the marketplace.
- Be responsible for identifying and nominating for the approval of the Board, candidates to become directors.
- Before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the committee shall:
- Ensure a broad search for the right candidate appropriate to the Company's resources using, where necessary, the services of external advisers to facilitate the search;
- Consider candidates from a wide range of backgrounds; and
- Consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position.
- For the appointment of a chairman of the Board, the Committee should prepare a job specification, including the time commitment expected. A proposed chairman's other significant commitments should be disclosed to the Board before appointment and any changes to the chairman's commitments should be reported to the Board as they arise.
- Prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest as well as any changes to commitments disclosed.
- Ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Board Committee service and involvement outside Board meetings.
- Develop and review the results of the board performance evaluation process that relate to the composition of the board.
- Review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties.
- Considering the requirement and role of a senior independent director.
- Membership of the Audit, Risk and Compliance (ARCC) and Nominations and Remuneration Committees, and any other Board committees as appropriate, in consultation with the chairmen of those committees.
- The re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required.
- The re-election by shareholders of directors under the annual re-election provisions.
- The appointment of any director to executive or other office.

Remuneration

- Have responsibility for setting the remuneration policy for all executive directors, including the chairman of the Board and senior managers of the Company, including pension rights and any compensation payments. The Board itself or, where required by the Articles of Association, the shareholders should determine the remuneration of the non-executive directors within any limits set in the Articles of Association. No director or senior manager shall be involved in any decisions as to their own remuneration.
- Recommend and monitor the level and structure of remuneration for executive directors and senior management.
- In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code ('the Code') and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's long strategic term goals.

A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company.

- When setting remuneration policy for directors, review and have regard to pay and employment conditions across the Company or group, especially when determining annual salary increases.
- Review the on-going appropriateness and relevance of the remuneration policy.
- Within the terms of the agreed policy and in consultation with the chairman of the Board and/or chief executive, as appropriate, determine the total individual remuneration package of each executive director, the chairman of the Board and other designated senior executives including bonuses, incentive payments and share options or other share awards.
- Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Company but within any budgetary restraints imposed by the Board.
- Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.
- Approve the design of, and determine targets for, any performance-related pay schemes operated by the Company and approve the total annual payments made under such schemes (in accordance with the provisions in Schedule A of the Code). Schemes shall include provisions that will enable the Company to recover sums paid or withhold the payment of any sum, and specify the circumstances in which it would be appropriate to do so.
- Review the design of all share incentive plans for approval by the Board. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors, company secretary and other designated senior executives and the performance targets to be used.
- Determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives.
- Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- Oversee any major changes in employee benefits structures throughout the Company or group.
- Agree the policy for authorising claims for expenses from the directors.
- Consider such other matters as may be requested by the Board and work and liaise as necessary with all other Board committees.

Reporting Responsibilities

The Committee chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the Code, are fulfilled and produce a report of the Company's remuneration policy and practices to be included in the Company's annual report. If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company.

Through the chairman of the Board, ensure that the Company maintains contact as required with its principal shareholders about remuneration.

The Company's annual report will identify the chairman and members of the Committee. It will also set out the number of meetings of the Committee and individual attendance by directors.

A separate section of the annual report shall be used to describe the nomination work of the Committee, including the process it has used in relation to Board appointments. This section shall include a description of the Board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives. An explanation should be given if neither an external search consultancy nor open advertising has been used in the appointment of a chairman or a non-executive director.

Where an external search consultancy has been used, it should be identified in the annual report and a statement made as to whether it has any other connection with the company.

The Committee Chairman shall attend the annual general meeting to answer shareholder questions.

Other matters

The Committee shall:

- Have access to sufficient and appropriate resources in order to carry out its duties, including access to the Company secretary for assistance as required.
- Be provided with appropriate and timely training, both in the form of an induction program for new members and on an ongoing basis for all members.
- Give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non listed companies and formation and operation of share schemes including but not limited to the provisions of the Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules as well as guidelines published by the Association of British Insurers and the Pensions and Lifetime Savings Association and any other applicable rules, as appropriate.
- Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Authority

The Committee is authorised by the Board to obtain, at the Company's expense, independent or other professional advice on any matters within its terms of reference.

Remuneration and Nomination Committee - Composition

The Remuneration and Nomination Committee has 3 Board members and 2 staff members in attendance. This comprises 3 independent, non-executive directors. The current NED members of the committee are Mr. Richard Bennett as the Chairperson and Ms. Nicola Beattie. The CEO and COO are invited to attend if appropriate.

Mr. Glenn Collinson was approved by the Board as a member of the Remuneration and Nomination Committee at the March 2019 Board meeting. He resigned from the Committee in March 2020 along with resigning from the Aquis Exchange PLC Board.

The attendance record is as follows:

N&RC Member	May '19	Sep '19	Nov '19	Jan '20
Richard Bennett (Chair of the N&RC)	✓	✓	✓	✓
Nicola Beattie	✓	✓	✓	✓
Glenn Collinson	✓	✓	✓	✓
Alasdair Haynes (CEO)	✓	✓	✓	x
Jonathan Clelland (COO)	✓	✓	✓	✓

Remuneration Policy Statement

Purpose

In accordance with the Capital Requirements Directive and the FCA Remuneration Code (the "Code"), Aquis Exchange Limited's ("Aquis") remuneration policies are consistent with and promote sound and effective risk management.

Decision Making

The Directors have established a Nominations and Remuneration Committee with formally delegated duties and responsibilities. The Nominations and Remuneration Committee are responsible for determining and approving individual remuneration packages including any bonus payments for Senior Management and all employees, including all Code Staff. No external consultants have been engaged on remuneration matters.

Role of the Relevant Stakeholders

The Board takes full account of the company's strategic objectives in setting the remuneration policy and is mindful of its duties to its shareholders. The Board seeks to preserve shareholder value by ensuring the successful recruitment, retention and motivation of its Directors and employees.

Code Staff Criteria

The following groups of employees have been identified as meeting the FCA Code Staff criteria:

- 1) Senior managers which include all Directors on the basis that they are responsible for the management of the risks of the business; and
- 2) Selected roles which are deemed to have significant influence on the risk profile of Aquis and which include individuals who are FCA registered.

The list of Code staff does not include non-executive Directors because they carry out an oversight role and do not carry out the day-to-day management of the business and therefore have a limited or no impact on the risk profile of Aquis.

The Link Between Pay and Performance of Code Staff

Remuneration consists of fixed pay (salary) and performance related variable pay. A basic salary is set within an appropriate market range, which is at a sufficient level to allow for the possibility, that variable pay may not be awarded. Variable pay awards are based on fees actually received by Aquis and therefore there are no circumstances which would require the variable pay to be subject to clawback provisions. Aquis does not offer any deferred remuneration or severance payments to any of its employees. Performance related annual bonuses were paid to Code staff in 2017/8.

Aggregate Quantitative Information on Remuneration (from last audited annual report)

9 EMPLOYEES

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Management	4	4
Operations	4	4
Business Development	3	3
Marketing	1	1
IT and Finance	17	16
Compliance and Surveillance	3	3
	32	31

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	3,184,145	2,208,402
Social security costs	525,376	323,021
Pension costs	207,751	95,690
	3,917,272	2,627,113

10 DIRECTORS' REMUNERATION

	2018 £	2017 £
Remuneration for qualifying services	840,789	593,150
Remuneration disclosed above include the following amounts paid to the highest paid director:		
Remuneration for qualifying services	341,132	231,940

Relations with Shareholders

Alasdair Haynes (CEO) and Jonathan Clelland (CFO) are the key contacts with shareholders. Twice a year, at the time of the interim and full year results, they will present to analysts and shareholders. These meetings allow the Chairman and the Chief Financial Officer to update shareholders on strategy and the group's performance and receive feedback.

Aquis maintains communications with its shareholders via its formal listed company announcements (e.g. Regulatory News Service, RNS).

Aquis holds an Annual General Meeting for all shareholders.

Securities Dealing Code

The Company has adopted a Securities Dealing Code to ensure directors and certain employees do not abuse, and do not place themselves under suspicion of abusing inside information of which they are in possession and to comply with its obligations under the Market Abuse Regulation ("MAR") which applies to the Company by virtue of its shares being traded on AIM. Furthermore, the Company's Securities Dealing Code is compliant with the AIM Rules for Companies published by the London Stock Exchange (as amended from time to time).

Under the Securities Dealing Code, the Company must:

- Disclose all inside information to the public as soon as possible by way of market announcement unless certain circumstances exist in which the disclosure of the inside information may be delayed;
- keep a list of each person who is in possession of inside information relating to the Company 'insider lists';
- procure that all persons discharging managerial responsibilities and certain employees are given clearance by the Company before they are allowed to trade in Company securities; and
- procure that all persons discharging managerial responsibilities and persons closely associated to them notify both the Company and the Financial Conduct Authority of all trades in Company securities that they make.

No director or Aquis staff may trade Aquis securities during a 'Closed Period'.

"Closed Period" means any of the following:

- (A) the period from the end of the relevant financial year up to the release of the preliminary announcement of the Company's annual results (or, where no such announcement is released, up to the publication of the Company's annual financial report) or, if longer, the period of 30 calendar days before such release (or publication); and
- (B) the period from the end of the relevant financial period up to the release of the Company's half-yearly financial report or, if longer, the period of 30 calendar days before such release.

Where the Company Departs from the Corporate Governance Code with Reasoning

Statement in relation to Ms. Nicola Beattie's position as Chairman of the board of XTX Markets Ltd

XTX Markets Ltd. are a major shareholder in Aquis Exchange PLC (>5% holding in Aquis PLC) and an important market maker on the Aquis MTF.

Therefore, under UK Corporate Governance Code Provision B.1.1 Aquis considers Ms. Nicola Beattie as holding a cross-directorship which represents a significant shareholder.

When first appointed to the board of Aquis Exchange was not a publicly listed company and Ms. Nicola Beattie was not a director of XTX Markets Ltd ("XTX").

Aquis approved Ms. Beattie's request to become a director of XTX on 8th June 2018. Aquis recognised the potential conflict with the perception that a Board link to XTX would lead other trading members to perceive that Aquis was in a position to favour one customer over another, therefore the Aquis member base was confidentially consulted prior to discussion at the ARCC and Board.

The members raised no objections to the appointment.

Ms. Beattie assured the board that her time spent on Aquis director duties would not be compromised and her duties not hindered in any way by the XTX appointment.

Following Aquis' IPO and XTX's subsequent significant shareholding in Aquis, Ms. Beattie confirmed to the Aquis Board that XTX would omit her from all XTX internal discussions around their Aquis shareholding. This is also to be the case in reverse should the Aquis Board have a requirement to discuss XTX as a shareholder.

In light of the above, the Board consider that Nicola Beattie's independence is not compromised.

Last Review Date of Corporate Governance Statement

Date on which this information was last reviewed: 19th March 2020.

This document will be updated in line with changes to Aquis' business and will be subject to a full annual review.

The Company's last audited Annual Report and Financial Statements can be found on the Aquis website.

<https://www.aquis.eu/investors/annual-and-interim-reports>