ADMIRAL MARKETS AS

ADMIRAL MARKETS

Summary for the prospectus of public offering and listing

Summary

This summary provides an overview of the content of this Prospectus in a uniform template, focusing on the key information on the Bonds to allow any potential investors to compare the Bonds with other relevant securities. The summary has been constructed on a modular basis in accordance with the standard form provided for in the Prospectus Regulation and amendments thereto, especially in Annex XXII thereof.

The order of the elements of the table is mandatory; there are gaps in the numbering sequence as the elements provided for in Prospectus Regulation which are not applicable to this type of securities have been excluded from the summary. If there is no relevant information in respect of the elements which according to the Prospectus Regulation are deemed to be included in the summary for this type of securities, the element appears in this summary with the mention of “not applicable” or “N/A”.

Section A - Introduction and warnings

A.1	Warning to the Investors and Potential Investors	This summary is not the Prospectus and should be read as introduction to the Prospectus. Any decision to invest in the Bonds should be based on consideration of the Prospectus as a whole by the Investor, and not merely based on this summary. This summary presents the facts and circumstances that the Issuer considers important with respect to the Issuer's business, the offering of the Bonds, and the admission to trading of the Bonds, and is a summary of certain information appearing in more detail elsewhere in the Prospectus. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff Investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have prepared the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid Investors when considering whether to invest in the Bonds.
A.2	Use of Prospectus for subsequent resale of Bonds	Not applicable, the purpose of this Prospectus is not the resale of the Bonds.

Section B - Issuer

B.1	The legal and commercial name of the Issuer	Admiral Markets AS
B.2	The domicile and legal form of the Issuer, the legislation under which the Issuer operates and its country of incorporation	Admiral Markets AS is a public limited company (*aktsiaselts*) incorporated under and governed by the laws of the Republic of Estonia and is domiciled in Estonia. The Issuer is registered in the Commercial Register of the Republic of Estonia with a registration number 10932555. Legal address of the company is Ahtri 6a, 10151 Tallinn, Harju county, Estonia; The main legislative acts under which the Issuer operates: • The Commercial Code; • General Part of the Economic Activities Act; • Securities Markets Act • Credit Institutions Act
B.4b	Known trends affecting the Issuer and the industries in which it operates	The Issuer is an investment firm authorised and regulated by the Estonian Financial Supervision Authority (licence number 4.1-1/46) and authorised to provide investment services within the scope of the licence: (i) receipt and transmission of orders in relation to financial instruments, (ii) execution of orders on behalf of clients, (iii) dealing in securities on own account, and ancillary services. The most important known recent trends affecting the Issuer and the industry it operates in include (i) changes to the regulatory environment, (ii) technological progress and (iii) financial innovation in the field of derivatives; **Changes to the regulatory environment.** Trading of derivatives was historically accessible to limited number of investors, has become available for retail clients through numerous online platforms within the last 10-15 years. Rules and regulations governing the market have been developed almost from scratch during that period and authorities in different markets are all still seeking for optimal ways to control the industry by frequently introducing new regulatory initiatives.

		The Issuer operates in multiple different markets within the EU with the assistance of its branches which play an important role in communicating with the local national competent authorities and the Clients. Despite the increasing harmonisation of applicable legislation, at least within the EU, significant differences remain between countries. The Issuer also assists other Group Companies by providing outsourced services to them. Some limits can be made by national competent authorities of countries outside EU and EEA for the outsourcing of services outside of the respective countries. This may affect the provision of services to AM UK if UK leaves the EU. **Technological progress**. Ongoing technological change is both a challenge and an opportunity for the Issuer. While it takes large investments to keep all its IT systems up to date with the latest standard and compatible with ever-growing variation of different platforms, the new technology opens also new markets for the Issuer. The industry, which previously required at least some sort of physical presence in target markets, is becoming increasingly global. **Financial innovation in the field of derivatives**. Variety of different derivative agreements and underlying assets is growing, allowing the Issuer to expand and diversify its product offering. Any innovation in the financial services may be subjected to the existing laws or may also fall out of their scope. In the latter event, it is likely that new rules are to be proposed in the EU level or by any country itself where the Issuer or any of the Group Companies conducts business.
B.5	The Issuer's participation in a group of companies	Admiral Markets AS is a subsidiary of AMG, the parent company of a multinational group of companies, which operate under brand name of Admiral Markets. Other subsidiaries of AMG include Admiral Markets UK Ltd., Admiral Markets Pty Ltd., Admiral Markets Chile SpA, Admiral Markets Cyprus Ltd, AMTS Solutions OÜ, BCNEX OÜ and Runa Systems (Belarus). Admiral Markets AS does not have any subsidiaries; however, it does use the assistance of its 3 branch offices abroad (Romania, Poland and Czech Republic) and a representative office in the Russian Federation. During 2016, three of its former branches, in Latvia, Lithuania and Bulgaria, were closed and branches in respective countries were established by AM UK instead as a part of intra-group reorganisation.
B.9	A profit forecast or estimate	Not applicable, the Issuer has not made any profit forecast or profit estimate in this Prospectus.

B.10	Qualifications in the audit report on the historical financial information	The audit reports prepared for the Issuer's audited annual reports for the financial years 2014 and 2016 do not include qualifications. Following qualified opinion has been provided by the auditor based on the annual report for the financial year 2015: *"The balance sheet of the company includes a claim in the net amount of 3,721 thousand EUR as of 31 December 2015. During the audit process, we were unable to receive sufficient audit evidence to evaluate recoverability of the claim over the next periods and whether the impairment of the claim as of 31 December 2015 is sufficient to cover potential credit risk as of the balance sheet date.* */…/* *In our opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Admiral Markets AS as at 31 December 2015, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union."* For clarity, this means that the claim with the net value of 3,721 thousand EUR referred to by the auditors in their 2015 qualified audit report is no longer relevant for the financial position of the Issuer as at 31.12.2015. The Issuer received part of the claim, 280 thousand EUR, in 2016 and the remaining part was fully written off retrospectively. This reflected through a correction of 2015 accounts in the annual report for 2016, after which the claim is no longer present in the statements of financial position as at 31.12.2015 and 31.12.2016. The impaired claim was against ServiceCom Ltd., (registration code: 130.956, registered office: Suite 5, Garden City Plaza, Mountainview Boulevard, City of Belmopan, Belize), an Equal Counterparty to the Issuer who suffered extensive losses during 2015 Swiss franc price fluctuation. The claim was partially impaired when preparing the initial annual reports for 2015 as the management of the Issuer had reasons to believe, based on the communication with the Equal Counterparty and its assurance to settle the debt, that the claim was at least partially recoverable. Despite this, such evidence was found insufficient by the auditor and a qualified opinion on the annual report for the financial year 2015 was issued. A year later, during the next annual audit process, the management agreed that their judgement had been misled by the communication with the debtor and the recovery forecast had not been justified, and decided to retrospectively impair the full amount of the claim in accordance with IAS 8.

B.12 — Selected historical key financial information and any changes to it since the date of the last published audited financial statements

The financial year of the Issuer lasts from January to December.

The financial reports of the Issuer have been prepared in accordance with the international financial reporting standards (IFRS), as adopted by the European Union.

The tables below present a summary of the key financial information and financial ratios for the last three financial years and the year in progress.

Key financials

(1,000 EUR)	9 months 2017	9 months 2016	H1-17	H1-16	2016	2015	2014
Net profit from trading of financial assets at fair value through profit or loss with clients and liquidity providers	20,850	16,078	13,322	11,772	24,853	20,572	15,486
Net income from trading	15,153	11,417	9,003	8,949	17,953	16,485	13,197
Profit (loss) before income tax	5,601	2,259	2,517	2,624	6,018	-2,500	2,232
Profit (loss) for the accounting period	**5,270**	**2,141**	**2,186**	**2,580**	**5,888**	**-2,517**	**2,219**
Cash and equivalents	19,740	14,848	19,080	15,323	18,018	15,585	17,798
Financial assets at fair value through profit and loss	3,469	1,874	939	1,848	2,422	98	236
Short term loans, receivables and prepayments	3,651	3,255	4,187	3,643	2,823	3,651	2,522
Inventories**	272	0	0	0	0	0	0
Total current assets	**27,131**	**19,977**	**24,206**	**20,814**	**23,263**	**19,334**	**20,556**
Total non-current assets	**805**	**972**	**839**	**997**	**860**	**1,081**	**1,333**
TOTAL ASSETS	**27,936**	**20,949**	**25,046**	**21,811**	**24,123**	**20,414**	**21,889**
Total liabilities	**1,240**	**1,944**	**1,433**	**2,066**	**1,371**	**3,090**	**2,049**
Total owners' equity	**26,696**	**19,005**	**23,613**	**19,744**	**22,752**	**17,324**	**19,841**
TOTAL LIABILITIES AND OWNERS' EQUITY	**27,936**	**20,949**	**25,046**	**21,811**	**24,123**	**20,414**	**21,889**

***The inventory row shows the amount of cryptocurrencies purchased for sale, which is equal to 272,089 EUR.*

The details are: Ripple - 96 259, Litecoin - 30 879, Ether - 84 023, Bitcoin - 29 901, Bitcoin Cash - 31 026

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Cash flow from operating activities	-	-	2,271	447	4,524	502	-2,353
Cash flow from investing activities	-	-	-79	-458	-1,446	-253	-275
Cash flow from financing activities	-	-	-1,325	-160	-460	-8	-1
Total cash flows	**-**	**-**	**867**	**-171**	**2,618**	**241**	**-2,629**
Total Tier 1 own funds	21,294	16,684	21,288	19,475	15,410	16,023	19,694
Total own funds	21,294	16,684	21,288	19,475	15,410	16,023	19,694
Capital adequacy	*	*	22.9%	29.7%	19.0%	21.1%	21.6%

**is not calculated*

Source: Audited annual reports of 2014, 2015 and 2016, unaudited interim reports for January to June, January to September 2016 and 2017.

Please note, that the financial statements of 2015 have been corrected retrospectively in the annual report for 2016 and the Prospectus presents the corrected amounts. Also, the format of the income statement underwent some changes in the annual report for 2016. The Prospectus presents the income and expenses of financial year 2015 in the updated format. Consequently, the financial data of 2015 presented in this Prospectus is not fully reconcilable with the annual report for 2015.

The corrections made in the financial statements of 2015 include write-offs of short-term and long-term receivables in the total amount of 3,441,181 EUR.

The financial data as of 30.06.2016 incorporates all the revisions that were made during the audit of annual report for the 2016 financial year, resulting in deviations from the 2016 half-year financial report published in August 2016. The financials presented in this Prospectus give the latest and the most accurate representation of the Issuer's financial standing as of 30.06.2016.

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Key financial ratios[1]

The Management Board considers that the key ratios and indicators indicated below are the most appropriate ratios and indicators, considering the activities of the Issuer. The selected ratios are the financial performance indicators the management follows internally.

	H1-17	H1-16	2016	2015	2014
ROE (Return on Equity)	9.4%	13.9%	29.4%	-13.5%	11.8%
ROA (Return on Assets)	8.9%	12.2%	26.4%	-11.9%	10.4%
Earnings per share (EUR)	5.41	6.39	14.57	-6.23	5.49
Equity multiplier	1.1	1.1	1.1	1.1	1.1
Current ratio	16.9	10.1	17.0	6.3	10.0

Source: Management Board calculations using the data from the audited annual reports of 2014, 2015 and 2016, unaudited interim reports for January to June 2016 and 2017.

There has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements.

[1]Definitions:

ROE (Return on equity) = profit (loss) for the accounting period $_t$ / ((total owners' equity $_t$ + total owners' equity $_{t-1}$) / 2), where $_t$ - current year; and $_{t-1}$ – the previous year;

ROA (Return on assets) = profit (loss) for the accounting period $_t$ / ((total assets $_t$ + total assets $_{t-1}$) / 2), where $_t$ - current year; and $_{t-1}$ – the previous year;

Earnings per share = profit (loss) for the accounting period $_t$ / ((number of shares $_t$ + number of shares $_{t-1}$) / 2), where $_t$ - current year; and $_{t-1}$ – the previous year;

Equity multiplier = ((total assets $_t$ + total assets $_{t-1}$) / 2) / ((total owners' equity $_t$ + total owners' equity $_{t-1}$) / 2), where $_t$ - current year; and $_{t-1}$ – the previous year;

Current ratio = total current assets / total current liabilities.

B.13	Events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency	The EFSA concludes annual SREP decisions to evaluate the financial position of the Issuer and other Group Companies providing investment services (the SREP decision is concluded on a consolidated basis to all of the investment firms within the Group Companies). It was requested based on the most recent SREP decision (13.03.2017) that the Issuer would maintain a higher capital buffer than required by the Capital Requirements Regulation (i.e. additional EUR 3.36 million) to cover possible client claims against the Issuer in connection with orders made before the year 2012. These possible claims may derive from procedural errors in the best execution rules which was discovered in 2012 after what the rules were immediately amended. The overall additional capital buffer requirements together with references to necessity to improve the management structure of the Issuer under the SREP decision, concluded for the AMG group on a consolidated basis, constituted 6.42 per cent from the total risk position. The capital requirements of the Issuer change on a daily basis as they are thoroughly tied to the risk position of the Issuer. As at 30 June 2017, the total capital requirements of investment firms within the Group Companies on a consolidated basis was EUR 18,593,911 (including additional capital requirements in the amount of EUR 7,707,790). The own funds of the Group Companies are EUR 22.6 million. Therefore, the Issuer is conducting its business within its capital requirements.
B.14	The statement on dependency upon other entities within the group	The Issuer is a member of AMG consolidation group and operates closely together with other Group Companies. In addition to the Issuer, the AMG consolidation group includes AM UK, AM Pty Ltd, AM Cyprus Ltd, AM Chile SpA, Runa Systems (Belarus), BCNEX OÜ and AMTS Solutions OÜ. Each Group Company has its specific role within the AMG consolidation group. AM UK Ltd., AM Pty Ltd., and AM Cyprus Ltd. are all licenced by the national competent authorities to act as investment firms and provide investment services. AM Chile SpA has also been established for the provision of investment services, but as the offering of derivative investment products is not regulated in Chile at the national level, AM Chile SpA is not licensed. AM UK Ltd is the retail office for majority of AMG's European clients due to a high level of investor protection provided by the jurisdiction (Financial Services Compensation Scheme – FSCS) and high reputation of the UK-s business environment. AM Pty Ltd and AM Cyprus Ltd are considerable market participants in their jurisdictions. Runa Systems, BCNEX OÜ and AMTS Solutions OÜ have been established to provide new IT solutions to the Group Companies.

B.14	The statement on dependency upon other entities within the group	In addition to its services to external Clients, the Issuer also operates as a shared service centre within the AMG consolidation group, being responsible for all key back- and middle office functions within the group: • Administrating and developing the IT platforms, together with AMTS Solutions OÜ and Runa Systems, subsidiaries of AMG; • Risk management (including managing risks of other investment firms among the Group Companies regarding their open positions on a consolidated basis, exchange of information on risk management and in resolving risk issues); • Liquidity provision - the issuer is the sole liquidity partner of all AMG group investment companies; • Marketing (including preparation of marketing materials at the request of any of the Group Companies and also development of the marketing strategy for the Group Companies); • Finance services (including receiving deposits and paying withdrawals for clients of the service recipient, daily recording and reconciliation of the service recipient's client cash deposits and withdrawals, provision of service recipient's daily bank balance reports against bank accounts, paying supplier invoices of the service recipient, maintenance of the service recipient's nominal ledger using Hansa system); • Compliance. In 2016, revenues from provision of services to other Group Companies accounted for 76.0 per cent[2] of the total revenue of Admiral Markets AS. Among the Group Companies, the most important partners for the Issuer are AM UK and, concerning technical solutions, Runa Systems. Taking into account that most of the revenue is gained by the Issuer from the provision of services to the Group Companies among which AM UK has the biggest

[2] Revenues from provision of services to other Group Companies = (revenue from brokerage and commission fees to companies in the same consolidation group + services to companies in the same consolidation group + interest income to companies in the same consolidation group + sale of property, plant and equipment to companies in the same consolidation group) / (net profit from trading of financial assets at fair value through profit or loss with Clients + brokerage fee income + other income + interest income);

Revenues from provision of services to other Group Companies = (23,078,516 + 109,355 + 21,569 + 23,253 + 805) / (29,666,927 + 653,267 + 163,433 + 70,567) = 76.0%

B.14	The statement on dependency upon other entities within the group	client base, in case the services of AM UK and/or its branches are disrupted or terminated, the volume of workload of the Issuer may temporarily be decreased to the extent that this could have a significant influence on the financial position of the Issuer. The Issuer is capable of increasing its own business volumes in provision of investment services to external Clients and possesses the relevant personnel. In the event the services of Runa Systems are disrupted or terminated, the provision of services by the Issuer may be temporarily disturbed due to lack of technical support. The Issuer has established a scheme to recover from such disruptions and will apply this if necessary. The operations of AM Pty Ltd. and AM Cyprus Ltd. do not have a significant influence on the Issuer, as the volume of operation outsourced to the Issuer is relatively small when compared to what is outsourced by AM UK to the Issuer. Regarding AM Pty Ltd., the additional reason is its geographical remoteness, and considerable differences in the legislations of Australia and the EU. The activities of AM Chile SpA are temporarily ceased.
B.15	The Issuer's principal activities	The Issuer works closely together with the Group Companies, providing the following services to the Group Companies (mainly to the Group Companies licensed to act as investment firms): • all back- and middle office services; • administrating and developing IT platforms; • risk management - all affiliated companies hedge their risks in Admiral Markets AS, who at the same time is the sole liquidity partner. Besides offering intra-group services to other Group Companies, the Issuer is itself one of the leading investment services providers in Estonia. In addition to Estonia, the Issuer is also strongly present in other European countries via branches of the Issuer or via other Group Companies.

B.16	Control over the Issuer	The Issuer is in the sole ownership of AMG. 76.38 per cent of the Issuer is indirectly owned by Mr. Alexander Tsikhilov (resident of Estonia, identification code 37207120078) and 17.85 per cent of the Issuer is indirectly owned by Mr. Dmitri Lauš (resident of Estonia, identification code 38010149513) via direct ownership in AMG. Mr. A. Tsikhilov is also the chairman of the Supervisory Board of the Issuer. Mr. D. Lauš is a member of the Management Board of the Issuer. The shares of Alexander Tsikhilov are planned to be fully or partially transferred to Montes Auri OÜ, the shares of Dmitri Lauš are planned to be fully or partially transferred to Laush OÜ. The Issuer is obliged by relevant law to inform the EFSA of any transfer of the shares in the Issuer by the shareholders of the Issuer, if as a result any third person will have a qualifying holding, or any other arrangements under which any third person would gain actual control over the Issuer, and the EFSA has to provide its approval. The shares are to be transferred after such approval has been granted by the EFSA. No agreements regarding change of control of the Issuer have been concluded with any third persons by the shareholders of the Issuer directly and indirectly.
B.17	Credit ratings	Not applicable, no credit rating has been assigned to the Issuer or the Bonds.

Section C - Securities

C.1	Type and the class of the securities, ISIN	The Bonds are coupon debt securities with a Nominal Value of EUR 100, representing the Issuer's unsecured and subordinated debt obligation. The ECSD is the recordkeeper of the Bonds. The Bonds are registered with the ISIN Code: EE3300111251.
C.2	Currency of the Bonds	EUR
C.5	Restrictions on the free transferability of the Bonds	The Bonds are freely transferable and can be freely encumbered.
C.8	Rights attached to the Bonds, including ranking of the Bonds and limitations to those rights	The main rights of Investors are the right to interest payments and the right to the redemption of the Bonds on the Maturity Date. If the Issuer does not fulfil its payment obligations on time, the Investors have the right for penalty payment on the due and payable amount with a rate of 0.05 per cent per each delayed day. The Bonds are subordinated to all unsubordinated claims against the Issuer. The subordination of the Bonds means that upon the liquidation, bankruptcy or recovery and resolution proceedings of the Issuer, all claims arising from the Bonds shall only be satisfied if all claims arising from unsubordinated recognised claims have been fully satisfied in accordance with the applicable law and there are funds which can be used to fully or partially satisfy claims arising from the Bonds. The Issuer as an investment firm is obliged to withstand the crisis prevention measures and resolution tools under Estonian Financial Crisis Prevention and Resolution Act (implementing the Directive (EU) 2014/59/EU), applied by the EFSA in case of a risk that the financial situation of the Issuer may rapidly deteriorate or in case of the insolvency of the Issuer. If certain conditions are met, the EFSA may apply resolution tools and powers to ensure, inter alia, the sufficient protection of investors and other clients. The bondholders as creditors of the Issuer may bear losses in accordance with the order of priority of their claims under bankruptcy proceedings. For the avoidance of doubt, as long as no liquidation or bankruptcy proceedings have been initiated and no crisis prevention measures and resolution tools are applicable, any obligations of the Issuer in connection with the Bonds are to be fulfilled in accordance with the terms and conditions provided for in this Prospectus and in accordance with the applicable law.

C.9	Interest rate, interest payment dates, maturity date, repayment procedure, yield	The Interest Rate is 8 per cent per annum. Interest is calculated in the basis of 30-day calendar month and 360-day calendar year (30/360) and paid out semi-annually. Interest Payment Dates are 28 June and 28 December of each year. Interest is transferred to the current accounts of Investors who according to ECSD are the owners of the Bonds three Business Days before the relevant Interest Payment Date at the end of such settlement day. If Interest Payment Date is not a Business Day, the payments are to be made the next Business Day following such date. The first Interest Payment Date for the Bonds is 28 June 2018 and the last Interest Payment Date shall be the relevant Redemption date. The Bonds shall be redeemed, i.e. the redemption amount shall be paid to the Investors on the Maturity Date or in case of early redemption of the Bonds, any time the conditions for early redemption arise. Maturity Date of the Bonds is 28 December 2027, on which the Issuer shall redeem all the Bonds. The Issuer may redeem all, but not only some, of the outstanding Bonds in full at any time prior to the Maturity Date, only if the provisions in Article 78 (4) of Regulation (EU) No. 575/2013 are met. Under Article 78 (4) of the Regulation (EU) No. 575/2013, the early redemption of the Bonds can only be conducted if specific conditions arise, meaning that the Bond may only be redeemed early either in case there is a change in regulative classification of the Bonds which is likely to result in the Bonds being excluded from the own funds of the Issuer or in case any change in the applicable tax regime of the Bonds is deemed to be material and not reasonably foreseen. **Any such early redemption of the Bonds must be approved by the EFSA.** In case of early redemption of the Bonds, the Issuer must give not less than thirty (30) days' prior notice to the Investors. Any Investor alone or Investors jointly do not have the right to demand early redemption of the Bonds. The Redemption price of a Bond shall be the Nominal Value of the Bond and any unpaid interest calculated to the same date. The Redemption payments of the Bonds shall be paid to the Investors, who according to the ECSD's information are the owners of the Bonds at the end of the settlement day immediately preceding the Maturity Date.
C.10	Derivative component in the interest payment	Not applicable.

C.11	Admission to trading on a regulated market or other facility	The Issuer intends to apply for the Bonds to be admitted to trading on the Nasdaq Tallinn regulated market, operated by Nasdaq Tallinn AS. The application shall be submitted immediately after the registration of the Prospectus with the EFSA. According to the listing rules of Nasdaq Tallinn, the Listing Committee must make a decision on the listing or on the refusal to list securities within three months as of the start of the listing procedure. If additional information is required from the Issuer, the procedure may take up to six months from the beginning of the listing procedure. The listing rules state that the first listing day of the securities submitted for listing is the sixth trading day after the making of the listing decision by the Listing Committee. The Issuer cannot provide any assurance that the Bonds are listed and admitted to trading on the proposed regulated market.

Section D — Risks

D.2	The key risks that are specific to the Issuer	The main risk factors influencing the financial performance of the Issuer involve the following: (a) **Market risk.** Market risk derives from carrying assets and liabilities which are sensitive to foreign exchange rates (other than euro) in its balance sheet as well as derivatives on currencies, shares, and commodities in its trading portfolio. Consequently, the Issuer is exposed to three forms of market risk: currency risk, equity risk, and commodity risk. Currency risk is the most important market risk for the Issuer. Currency risk is defined as potential loss resulting from unfavourable movement of foreign exchange rates. For currency risk purposes Euro is considered as the base currency and does not carry risk. Currency risk derives from (i) currency pair derivatives, (ii) share and commodity derivatives denominated in foreign currencies and (iii) various foreign currency denominated assets, mainly demand deposits and currency and gold derivatives in its trading portfolio. For hedging currency risk, assets are converted into EUR according to established internal limits. Constant monitoring of open currency positions is performed. (b) **Credit risk.** Credit risk relates to potential loss which may arise from counterparties' inability to meet their obligations to the Issuer. Credit risk affects cash and cash equivalents held with third parties, loans granted and receivables. Credit risk involves the following risks: counterparty risk and concentration risk. (c) **Liquidity risk.** Liquidity risk is defined as a risk that the Issuer is unable to timely execute its contractual obligations as a result of mismatch of liquidity of assets and liabilities (unbalance in the maturity term).

D.2		**(d) Operational risk.** Operational risk is a risk of potential loss caused by human, process or information system failures and flaws. Operational risk includes mismanagement and control errors, frauds, damages caused by unprofessional practices, errors in internal systems and human errors. It includes also IT-risk and damage from unauthorised access to information systems. Operational risk is the risk of loss from the activities of people (including employees, clients or third parties), internal procedures or systems not functioning as expected, or external events. Operational risk is divided into five major categories: control and management risk, legal risk, personnel risk, IT risk, and model risk. IT risk is a risk of loss from temporary unavailability or ill functioning of its key systems or databases as well as external attack on the systems. The Issuer offers its services primarily through the internet, therefore any failure of its IT systems could result in significant loss of revenue and reputational damage. Additionally, the Issuer could face claims from clients if they suffered losses due to failure of its systems e.g. through poorly or unexecuted orders, unavailability of the trading platform etc. The Issuer has secured its systems with anti-malware software and software which helps to detect as well as prevent any DDoS events (such as Incapsula). Legal risk is a risk resulting from the non-conformity with or misinterpretation of legislation, contracts, good practice and standards of ethics rules. The main area where the legal risk arises is the legal environment in which the Issuer operates which in the current case is Estonia as the Issuer is authorised by and a subject of financial supervision of the EFSA. The EFSA may fully or partially suspend or revoke such authorisation or apply other administrative measures based on grave breaches by the Issuer in which case the Issuer is forbidden to continue with provision of investment services and ancillary services to its Clients.

D.2		The activities of investment firms in the EU are regulated by MiFID II which is to be implemented to the local jurisdiction of all member states of the EU by 3 January 2018. The process of implementation of MiFID II to local jurisdictions may bring some uncertainty in the legal framework of the investment firms and possible compliance issues for the following years to all market participants regulated under the provisions in MiFID II. What is more, the European Securities and Markets Authority has indicated that it may use its intervention powers provided under article 40 of Regulation (EU) No. 600/2014 (MiFIR) on the provision of CFDs. The intervention powers allow ESMA, inter alia, to apply measures such as leverage limits, guarantee limits on client losses, and/or restrictions on the marketing and distribution of these products. If ESMA does decide to use the intervention powers, the Issuer may have to consider providing additional products or instruments to which the limitations or restrictions do not apply, and adjust its business with the limitations and restrictions. At the time of concluding this Prospectus, UK has decided to leave the EU. As AM UK is incorporated and licensed in UK, the UK's leave from EU may affect the Issuer. The extent of the possible exposure is to be determined during the negotiations between EU and UK but in case the entities providing financial services are no longer allowed to passport their services to the EU, the Issuer may be forced to rearrange its business activities. The Issuer has several possible strategies which could be initiated in the event the exact details of the UK's leave are determined. Model risk is the risk of loss resulting from poor strategic decisions, for example through late or inadequate reaction to key market trends, overestimating the potential of a new market or product etc. (e) **Risk of ownership concentration/change of control.** The Issuer has one main beneficiary owning more than 70 per cent of the shares of AMG. The latter is the direct owner of the Issuer and only shareholder. Low ownership concentration may increase the owners' tolerance towards risk. The main beneficiary has the ability to influence (through AMG) the Issuer's business, and if circumstances were to arise where the interests of the beneficiary conflict with the interests of the Investors, any

		influential decisions concerning disposal of asset or change of business activities can be made solely by the beneficiary rather than jointly by various shareholders. There are no rights attached to the Bonds in connection with a change of ownership or management of the Issuer.
D.2		**(f) Dependency upon other Group Companies.** The Issuer is a member of AMG consolidation group and operates closely together with other Group Companies. Each Group Company has its specific role within the AMG consolidation group and each entity is interdependent from other Group Companies. The Issuer earns majority of its revenues for its activities as a shared service centre within the AMG consolidation group. Consequently, its financial performance depends on the performance of the other Group Companies in their respective markets. In 2016, revenues from provision of services to other Group Companies accounted for 76.0 per cent of the total revenue of Admiral Markets AS. **(g) Industry reputation risk.** As the industry operates mainly via technical solutions, it is not possible to exercise full supervision and control over the activities of certain companies claiming to be financial services providers of which any national competent authority has not been informed. As clients do not always verify whether these companies have authorisation to provide financial services, the clients may bear losses due to fraudulent or criminal behaviour of the service providers and the clients may get the impression that all of the companies providing similar services are in essence untrustworthy (generalisation risk). Also, the activities of the clients themselves may have an impact on the reputation of the industry in general, as the clients often do not have the knowledge to succeed with their investments. Also, any global scandals in the financial environment can draw negative media coverage to the industry and damage the reputation of all market participants, including the Issuer.

D.3	The key risks that are specific to the Bonds	Security-specific risks related to the Bonds involve the following: **(a) Credit risk.** An investment into the Bonds is subject to credit risk, i.e. the Issuer may fail to meet its obligations arising from the Bonds in a duly and timely manner. **(b) Liquidity risk.** The Bonds are distributed through public offering and Issuer is applying for the Bonds to be listed on Nasdaq Tallinn regulated market. If the application is successful, the Bonds shall be listed on Nasdaq Tallinn. However, this does not guarantee the liquidity of the Bonds in the secondary market. The Issuer is not obliged to facilitate the liquidity for the Bonds in the secondary market. Furthermore, until the Bonds are admitted to trading on Nasdaq Tallinn regulated market, the Bonds can only be traded over-the-counter (OTC), requiring additional effort from the Investor to find an interested buyer. For the avoidance of doubt, the Issuer cannot provide any assurance that the Bonds are listed and admitted to trading on the proposed regulated market. **(c) Price risk.** During the initial offering, the Bonds are offered at Nominal Value with a certain fixed coupon rate. However, in the secondary market the price of the Bonds may decrease due to market situation or events related to the Issuer. **(d) Subordination Risk.** The Bonds are subordinated to all unsubordinated claims against the Issuer meaning that in the event of liquidation, bankruptcy or recovery and resolution proceedings, the Bonds are ranked below all other claims (excluding any additional bonds issued by the Issuer which are to be given the same or lower ranking as these Bonds) that any creditor has against the Issuer. Hence, in case of liquidation or bankruptcy of the Issuer, all the claims arising from the Bonds are to be satisfied only after the full satisfaction of all unsubordinated recognised claims against the Issuer. The satisfaction of the claims of the Issuer may also depend on the requirements deriving from the Estonian Financial Crisis Prevention and Resolution Act (implementing the Directive (EU) 2014/59/EU), under which the EFSA may, if certain conditions are met, apply resolution tools and powers to, inter alia, ensure

D.3	The key risks that are specific to the Bonds	the sufficient protection of investors and other clients in case of rapid deterioration of the financial situation or possible insolvency of the Issuer. The bondholders, as creditors of the Issuer may bear losses in accordance with the order of priority of their claims under bankruptcy proceedings. **(e) Early redemption risk.** The Bonds may be redeemed prematurely on the initiative of the Issuer, if any event provided for in Article 78 (4) of Regulation (EU) No. 575/2013 occurs and the EFSA authorises such early redemption. If this early redemption right is exercised by the Issuer, the rate of return from an investment into the Bonds may be lower than initially anticipated. Also the investors might not have an option to invest in financial instruments offering the similar risk/return characteristics at the time of the early redemption or could face additional costs in selecting a new investment. **(f) Legislation risk.** Legislation risk is a risk of possible loss of assets by the Issuer due to amendments in legal acts of Estonia, the EU or any third countries in which the Issuer conducts its business activities, or due to implementation of new legal acts, either local or of EU origin, which may cause additional expenses or reduce return on investment. **(g) Tax risk**. Tax assessment and withholding procedures applicable to the tax residents and non-residents of Estonia may change. From the Investors perspective, risk of alterations in tax regime could affect the value of the interest income. **(h) No ownership rights.** The Investors are not entitled to any ownership rights as the debt securities do not provide any voting rights, right to receive dividends or any other rights which would be represented with equity securities.

Section E — Offer

E.2b	Reasons for the offer and use of proceeds (if different from creation of sources of finance and/or hedging certain risks)	The business volumes of the Issuer have grown substantially over the past 3 years. The issuer seeks to continue the growth through organic expansion in its existing markets, resulting in higher operational, credit and currency risk exposure. In order to cover possible risks, the Issuer is in need of additional capital buffers to balance the growing volumes, meet its internal and regulatory capital requirements and ensure the long-term sustainability of the activities of the Issuer. The proceeds from the Issue will be entirely used for strengthening the Tier 2 regulative capital base of the Issuer. The total capital base of the Issuer, which currently comprises of Tier 1 capital only, amounted to EUR 21,287,596 as of 30.06.2017. After successful completion of the Issue the capital base of the Issuer is the following (all else unchanged): (a) Tier 1 capital: EUR 21,287,596; (b) Tier 2 capital: EUR 5,000,000; (c) Total regulatory capital base: EUR 26,287,596. The total amount of costs related to the Offering is estimated up to the amount of EUR 180,000, which will be deducted from the proceeds of the Issue before using the proceeds as described above.
E.3	Terms and conditions of the offer	**Offering** The Bonds are offered for subscription by way of a public offering to retail as well as institutional investors. The Bonds are only offered in Estonia, Latvia and Lithuania. **Amount of Bonds** Maximum of 50,000 Bonds are to be offered to the investors. The Nominal Value of each Bond is EUR 100, the total volume of the Issue is up to 5,000,000 EUR. The Issuer has the right to increase the number of Bonds by up to 20,000 in case of over-subscription.

E.3

Subscription Period

The Bonds can be subscribed for by an Investor during the Subscription Period (from 10:00 (EET) on 8 December 2017 to 17:00 (EET) on 19 December 2017) by submitting a Purchase Offer.

Purchase Offer

The Purchase Offers for Bonds must be submitted via the securities' account holder of the Investor (in Estonia) or via exchange member of Nasdaq Riga or Nasdaq Vilnius or directly to the Issuer in a manner indicated by the Issuer. Purchase Offers must be submitted during the Subscription Period.

To submit a Purchase Offer, the Investor must have a securities account on its own name or use a nominee account.

If several Purchase Offers are submitted by an Investor during the Subscription Period, all the Investor's Purchase Offers will be aggregated and considered as one. Purchase Offers are irrevocable as of the end of the Subscription Period.

The minimum amount of Bonds deemed to be subscribed for in a Purchase Offer is 1 (one) Bond.

Allocation and Confirmation

Allocation will be decided after the Subscription Period is over and depending on the results of the Subscription Period. The Bonds will be allocated to the Investors who have submitted a Purchase Offer not later than 3 (three) Business Days after the Subscription Period at the sole discretion of the Issuer. The allocation of the Bonds is to be done at the sole discretion of the Issuer, taking into account that each Investor who has submitted a valid Purchase Offer is entitled to at least 1 (one) Bond. If Purchase Offers have been submitted after the Subscription Period but before the Issue Date, it is up to the discretion of the Issuer to allocate any Bonds to such Investors.

The Issuer will submit a confirmation to each Investor evidencing the partial or complete satisfaction or rejection of the Purchase Offer submitted by the Investor at least three Business Days prior to the Issue Date.

Upon the satisfaction of the Purchase Offer, the Issuer will state the amount of Bonds allocated to the Investor and the Issue Price of the Bonds allocated to the Investor.

Upon rejection of the Investor's Purchase Offer, the Issuer will indicate the reasons for such rejection in the confirmation.

E.3		If possible, a confirmation is drawn up electronically and the Issuer forwards the confirmation to the e-mail address provided by the Investor in the Purchase Offer. The results of the allocation will be made available on the website of the Issuer http://www.admiralmarketsgroup.com/admiral-markets-as/bonds. **Issue price** The issue price for each Bond shall be its Nominal Value. The Nominal Value of a Bond is EUR 100. **Settlement of the Bonds** Settlement of the Bonds will be executed as delivery versus payment (DVP) transactions. The Bonds are delivered by the Issuer to the Investor's securities account indicated in the Purchase Offer on the Issue Date. **Cancellation of the offer** If the total number of the Bonds subscribed is less than the total number of Bonds of the Issue, the Issuer has the right the latest by 3 (three) Business Days after the Subscription Period to declare the Issue completed in the actual subscribed amount, reduce the amount of issued Bonds defined or cancel the placement. **Admission to the regulated market** The Issuer intends to apply for the Bonds to be admitted to trading on the regulated market operated by Nasdaq Tallinn immediately after the registration of the Prospectus with the EFSA and thus the Prospectus is also considered as a listing and admission to trading prospectus. The Bonds will be available for trading after the Bonds are listed to the regulated market adopted by the Listing Committee of Nasdaq Tallinn. The respective dates cannot be provided as the Issuer cannot ensure the listing of the Bonds on the regulated market. According to the listing rules of Nasdaq Tallinn regulated market, the drawing up of the decision may take up to three months (or six months if additonal information is required by the Listing Committee in addition to the information initially submitted by the Issuer).

E.4	The interests that are material to the issue including conflicting interests	Conflicting interests may arise if the beneficial owners of the Issuer and/or members of the Supervisory Board or Management Board decide to subscribe for the Bonds. Although the beneficial owners of the Issuer and the members of the Management Board and Supervisory Board consider it possible that they may subscribe and/or acquire some Bonds. They have confirmed that the amount altogether will not exceed 5 per cent of the aggregate Nominal Value of the Issue, i.e. it will not be extensive enough to bring about conflicting interests. The Management Board of the Issuer is not aware of any additional information which could be material to the issue nor any conflicting interests related to the issue.
E.7	Estimated expenses charged to the Investor by the Issuer	The Investor shall bear all the expenses related with the purchase and custody of the Bonds in accordance with the price-list of the credit institution or the provider of investment management services used for settlements and custody of the Bonds. The Issuer has no obligation to compensate to the Investor the incurred expenses. Additional expenses may arise due to tax obligations of the residence state of the Investor. The Issuer will withhold tax payments from the Interest payments in accordance with the terms of the Prospectus.