Prospectus for

ADMIRAL MARKETS

Public offering and listing of up to 50,000 unsecured subordinated bonds of Admiral Markets AS with a nominal value of eur 100 and interest rate 8 per cent per annum

Type of securities	Unsecured subordinated bonds
ISIN Code	EE3300111251
Number of securities	Up to 50,000
Nominal Value	EUR 100
Total Nominal Value of the Issue	Up to 5,000,000 EUR
Interest Rate	8 per cent p.a.
Subscription Period	8.12.2017 – 19.12.2017
Issue Date	28.12.2017
Maturity Date	28.12.2027

This prospectus constitutes a prospectus of **Admiral Markets AS** (registration number: 10932555; legal address Ahtri 6a, 10151 Tallinn, Estonia; phone number +372 630 9303, fax number +372 630 9304; homepage: http://admiralmarketsgroup.com/admiral-markets-as/) in respect of a public offering, listing and admission to trading of unsecured subordinated debt securities.

The Bonds are to be offered in the Republic of Estonia, Republic of Latvia and the Republic of Lithuania. Simultaneously with the offering of the Bonds, the Issuer will apply for admission to trading and listing of the Bonds in the Baltic Bonds List of Nasdaq Tallinn Stock Exchange.

The Bonds issued under this prospectus are subordinated to all unsubordinated claims against the Issuer. Upon liquidation or bankruptcy proceedings of the Issuer, the Bonds are ranked below all other claims any creditor of the Issuer has against the Issuer (excluding additional bonds issued by the Issuer, which are to have a ranking of the same or lower level compared to the Bonds). Hence, in case of liquidation or bankruptcy of the Issuer, all the claims arising from the Bonds are satisfied only after the full satisfaction of all unsubordinated recognised claims against the Issuer. The Bonds may only be redeemed prior to the Maturity Date, if requirements deriving from Article 78 (4) of Capital Requirements Regulation (EU) No. 575/2013 are fulfilled and only if the EFSA has authorised such early redemption.

Nothing in this document constitutes an offer of the Bonds to be sold in the United States or any other jurisdiction where it is unlawful to do so. The Bonds have not been and will not be registered under the U.S. Securities Act of 1933 (as amended from time to time), or the securities laws of any state of the U.S. and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons.

4 December 2017

Contents

Definitions and abbreviations

A-book trade is a set of transactions, where the Issuer is not taking market risk and all net positions by instruments will be hedged promptly with external liquidity providers.

Admiral Markets is an EU trademark (registration number 011680824) owned by Admiral Markets Group AS and used by different companies within the group.

AMG means Admiral Markets Group AS (registration number 11838516), a legal entity incorporated under the laws of Estonia, legal address Ahtri 6a, Tallinn, Harju county, 10151 Estonia, which is the sole shareholder and a financial holding company of the Issuer.

AM Chile SpA means Admiral Markets Chile SpA, a subsidiary of AMG incorporated under the laws of Chile, fs. 17489 no.12282, registered address La Concepción 322 Oficina 401, Providencia, Santiago de Chile.

AM Cyprus Ltd. means Admiral Markets Cyprus Ltd., a subsidiary of AMG incorporated under the laws of Cyprus; company registration number 310328, registered address Spyrou Kyprianou 22, Pippiros Building, 3rd floor, Limassol 3070, Cyprus.

AM Pty Ltd. means Admiral Markets Pty Ltd., a subsidiary of AMG incorporated under the laws of Australia; Australian Business Number 63 151 613 839; registered address at Level 10, 17 Castlereagh Street Sydney NSW 2000.

AM UK means Admiral Markets UK Ltd., a subsidiary of AMG incorporated under the laws of England and Wales and registered under Companies House (Registered Number 08171762. Company address: 16 St. Clare Street, London EC3N 1LQ, UK) which is authorised and registered by the Financial Conduct Authority (FCA) of the United Kingdom to act as an investment firm (FCA Register no. 595450).

B-Book trade is a set of transactions, where the Issuer takes market risk without hedging with external liquidity providers. Only in case of market risk limit is breached the exceeded part will be hedged.

Business Day means a day on which credit institutions are generally open for business in the Republic of Estonia.

Bond means a debt security representing the Issuer's unsecured and subordinated debt obligation that is being issued and is redeemable in accordance with this Prospectus. The Bond is registered in the ECSD and held intangibly in the Investor's securities account or a nominee account.

Branch means a registered representation of a company in another country. For the avoidance of doubt, a branch is not an independent legal person.

CFD means contract for differences, a tradable derivative contract under which gains or losses of the parties are settled through cash payments rather than by the delivery of physical goods or securities. CFD agreements offer investors possibility to trade with high leverage. CFDs can be used for both long and short positions.

Client means any person who uses the services provided by the Issuer, whereas "internal Clients" is used to refer only to companies within the Group Companies and "external Clients" to refer only to all other clients (i.e. excluding the Group Companies).

EFSA means the Estonian Financial Supervision Authority.

Equal Counterparty means an entity which is authorised or regulated to operate in the financial markets that is not given investment advice.

ESMA means the European Securities and Markets Authority.

Euro and **EUR** means the official currency of the Eurozone countries.

EU means the European Union.

ECSD means the central securities depository in Estonia that is maintained and operated by Nasdaq CSD SE or its legal successor.

FCA means the Financial Conduct Authority which is the financial supervisory authority of the United Kingdom.

Forex means foreign exchange trading (i.e. currency trading).

Group Companies means jointly AMG and all of its subsidiaries, and companies otherwise under the control of AMG (if any) as specified in this Prospectus and any current or future annexes hereof. Group Company means any of these companies.

Interest Rate means the interest calculated on the Bonds with a rate of 8 per cent per annum calculated in the basis of 30-day calendar month and 360-day calendar year (30/360).

Interest Payment Date means 28 June and 28 December of each year on which interest payments for the preceding Interest Period are to be made.

Interest Period means (i) in respect of the first Interest Period, the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date, and (ii) in respect of subsequent Interest Periods, the period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date (or a shorter period if relevant).

Investor means the person registered in the register maintained by the ECSD as owner of the Bond, any bondholder the Bonds of whom are held on a nominee account, or a person who has placed a Purchase Offer (if relevant).

IP means intellectual property.

Issue means the aggregated whole of the Bonds granting similar rights, which are issued and will be redeemed under similar conditions pursuant to the procedure established in Issue terms and with the identical ISIN code.

ISIN Code means International Security Identification Number, which ECSD provides to the Bond.

Issue Date means 28 December 2017, i.e. the date when the Bonds are transferred to the securities account or nominee account of the Investor, provided that the Issuer has received the payment for the Bonds in accordance with this Prospectus.

Issue Price shall be the Nominal Value of the Bond.

Issuer means Admiral Markets AS; registration number 10932555; legal address Ahtri tn 6a, Tallinn, Harju county, 10151, Estonia; phone number +372 630 9303, fax number +372 630 9304; homepage: http://admiralmarketsgroup.com/admiral-markets-as/.

Maturity Date means 28 December 2027, on which the Issuer must redeem all the Bonds issued under this Prospectus.

Management Board means the directing body of the Issuer holding the right to represent the Issuer in transactions.

MiFID II means the directive 2014/65/EU of the European Parliament and of the Council approved on the 15 May 2014 (also known as the Markets in Financial Instruments Directive).

Nominal Value means the face value of a single Bond, which is EUR 100.

Prospectus means this document.

Prospectus Directive means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading.

Prospectus Regulation means Commission Regulation (EC) no. 809/2004.

Purchase Offer means an application submitted by an Investor to the Issuer in accordance with the Prospectus.

Redemption means any event under which any or all of the Bonds held by the Investors are to be redeemed by the Issuer.

Relevant Market means any and all of the regulated markets where the Bonds are to be offered by the Issuer.

Subscription Period means any period of time determined by the Issuer itself for placing the Purchase Offers.

Securities Markets Act means the Estonian Securities Markets Act entered into force on 01.01.2002 and any amendments thereto.

Introduction

This prospectus has been registered with the Estonian Financial Supervision Authority (hereinafter: **the EFSA**), the national competent authority in Estonia, on 4 December 2017 under the number 4.3-4.2/3060. By registering the Prospectus, the EFSA does not guarantee the accuracy of the information provided in the Prospectus. The EFSA has registered this Prospectus in accordance with the provisions in the Estonian Securities Markets Act.

I. Applicable Law

The prospectus has been drawn up in accordance with the relevant Estonian legal acts, and also relevant legal acts implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, and the Commission Regulation (EC) no. 809/2004 (the Prospectus Regulation), taking into account the obligatory elements provided for in Annexes IV, V and XX thereof.

II. Offering of Bonds

This Prospectus is prepared for the offering of Bonds in all of the Baltic states (Estonia, Latvia, Lithuania). The Issuer is applying for the Bonds to be listed on Nasdaq Tallinn regulated market. This Prospectus may not be distributed in or into any jurisdiction where such distribution would require any additional prospectus, registration, or additional similar measures to be taken.

III. Language

The official language of the prospectus is English, the summary of this prospectus has been translated into Estonian, Russian, Latvian, and Lithuanian. In case of any differences, the English version of the Prospectus shall prevail.

IV. Date of Information

The Prospectus is drawn up based on the information as at the date of signing this Prospectus, unless otherwise stated in this Prospectus, in which case the relevant date is provided.

The Prospectus is valid as of 4 December 2017. The Prospectus is available as of 6 December 2017.

V. Presentation of Information

All information required to be provided by an issuer is included in this Prospectus, its annexes and other documents incorporated by reference. The Prospectus and other information and documents referred to in this Prospectus or required to be disclosed by the applicable law and rules of the Relevant Market are available on the webpage of the Issuer at http://admiralmarketsgroup.com/et/admiral-markets-as/. The information presented on the webpage may only be considered as a part of this Prospectus, if a respective reference to the document has been made in this Prospectus in the list of documents on display. The information will be available on the given webpage until the Maturity Date.

For the sake of clarity, the webpage https://admiralmarkets.ee/ is a webpage operated jointly by Admiral Markets AS and Admiral Markets UK Ltd., also a subsidiary of the parent company of Admiral Markets AS, authorised and supervised by the Financial Conduct Authority, the national competent authority on financial supervision of the United Kingdom (FCA Register No. 595450). This is the webpage of the platform used for the provision of investment services. When entering the webpage https://admiralmarkets.ee/, the default service provider to whom a client is directed, is Admiral Markets UK Ltd. On the upper part of the webpage are the initials of both the national competent authority of Estonia and United Kingdom – EFSA and FCA. By selecting "EFSA", you are directed to the webpage of Admiral Markets AS (https://admiralmarkets.ee/?regulator=efsa).

VI. Documents on Display

Some information necessary to be disclosed by the Issuer has been either annexed to this Prospectus or incorporated by reference to the documents accessible on the webpage and the location of the Issuer. The original language of the documents annexed to this Prospectus or referred to in this Prospectus is Estonian. Any reference to an unofficial translation is a reference to the document being translated into English.

Annexed to this Prospectus, you may find the following documents:

(i) official translation of the Annual Report of the Issuer of 2016 together with the auditor's report for the respective financial year;

(ii) unofficial translation of the unaudited interim financial statements for the first two quarters of 2017;

(iii) unofficial translation of the report of the auditor of the Issuer regarding the functioning of the principles for the maintenance and protection of the assets of Clients dated 03.05.2017; and

(iv) unofficial translation of the report of the auditor of the Issuer dated 23.05.2017 assessing, inter alia, prudential requirements established for own funds and the sufficiency and efficiency of the internal audit system.

The financial statements of the Issuer in its audited Annual Report of 2015 have been incorporated to this Prospectus by reference. The English version of the audited Annual Report of the Issuer of 2015 can be found HERE. Together with the financial statements, the Issuer has incorporated to this Prospectus by reference the report of the auditor of the Issuer dated 5 May 2016 assessing, inter alia, prudential requirements established for own funds and the sufficiency and efficiency of the internal audit system. The report of the auditor can be found HERE.

The interim financial information for the first two quarters of 2017 included in the unaudited interim report of the Issuer for the first 6 months of 2017 have been incorporated to this Prospectus by reference. The unaudited interim report can be found HERE.

The following documents (or copies thereof) have been made available for inspecting on the website and at the location of the Issuer:

(i) Articles of Association of the Issuer;

(ii) audited Annual Report for the financial year of 2016 in Estonian;

(iii) the report of the auditor of the Issuer assessing, inter alia, prudential requirements established for own funds and the sufficiency and efficiency of the internal audit system, dated 23.05.2017; and

(iv) report of the auditor of the Issuer regarding the functioning of the principles for the maintenance and protection of the assets of clients dated 03.05.2017.

The Articles of Association of the Issuer together with the information on the management of the Issuer can be found on the Issuers webpage: http://admiralmarketsgroup.com/admiral-markets-as/admiral-markets-as-management/. The translations of the prospectus can be found on the Issuer's webpage under the section "Bonds" at the following address: http://admiralmarketsgroup.com/et/bonds/. All other above-mentioned documents can be found on the Issuer's webpage under the section "Reports" at the following address: http://admiralmarketsgroup.com/admiral-markets-as/reports/

VII. Updates and amendments

Any amendments to and updates of the information provided in this Prospectus will be provided as required in the applicable law. In the event any additional information or any amendments to the Prospectus is deemed to be disclosed, the information will be provided on the webpage referred to above. The numbers in the financial statements of the Issuer are considered to be precise.

If any new significant circumstances, mistakes or inaccuracies relating to the information included in the Prospectus arise at the moment after the registration of the Prospectus but before the final closing of the offer to the public or before starting the trading on a regulated market, a supplement to the Prospectus will be registered with the EFSA and made public in the same way and in accordance with at least the same arrangements as were applied when the Prospectus itself was made public.

VIII. Financial statements

The relevant financial statements of the Issuer have been prepared in accordance with international financial reporting standards (IFRS) which are adopted by the European Union with Commission Regulation (EC) No 1606/2002 and its amending regulations.

Unless otherwise stated in this Prospectus, no information in this Prospectus has been reviewed or audited by a sworn auditor.

IX. Third Party Information and Market Information

Some information provided in this Prospectus may have been sourced from third parties. In this case, the information is presented together with the details of the relevant source. To the best of the knowledge of the persons responsible for this Prospectus, the information sourced from third parties has been accurately reproduced, no details have been omitted from the information, which would make such information misleading or inaccurate. The market information provided for in this Prospectus has been gathered from the sources available for the Issuer. It is often not possible to go back to the origins of information provided regarding the relevant market. Therefore, such information may not be fully relied on, as the information can be incomplete.

X. Definitions and interpretations

Any capitalised terms used in this prospectus have the meaning given to them in the Definitions and Abbreviations. Any numerical information (including financial information) in this Prospectus may have been rounded and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetical aggregation.

Any references in this Prospectus and in any annexes of this Prospectus to time are references to the Estonian time, unless provided otherwise.

XI. Forward-looking statements

This Prospectus does not include any forward-looking financial statements. The Issuer has not provided any profit forecasts or profit estimates in this Prospectus.

Some statements that are in their essence forward-looking may be included in this Prospectus, especially under "Risk Factors", "Summary", "The purpose of the Bond issue and use of funds", and "Admission to the regulated market". Such forward-looking statements about future events and are based on the beliefs and assumptions of the Management Board of the Issuer. The forward-looking statements may be identified under words such as "will", "plan", "intend", "estimate" and are subject to risks, uncertainties, and assumptions about the future.

The accuracy of the forward-looking statements may be affected by any of the risk factors described in this Prospectus, most of all by any change of laws (either in any of the countries where the Issuer operates or in the European Union), any changes in the regulatory environment of the provision of investment services or in taxation of the Issuer, or any other changes in the trends of the market (due to politics, economic conditions, technological developments etc). The actual actions of the Issuer may differ from the current expectations of the Management Board of the Issuer if any unexpected or unforeseen event occurs. The Issuer is under no obligation to update or amend the forward-looking statements contained in this Prospectus.

1. 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)	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	13,322	11,772	24,853	20,572	15,486
Net income from trading	9,003	8,949	17,953	16,485	13,197
Profit (loss) before income tax	2,517	2,624	6,018	-2,500	2,232
Profit (loss) for the accounting period	**2,186**	**2,580**	**5,888**	**-2,517**	**2,219**
Cash and equivalents	19,080	15,323	18,018	15,585	17,798
Financial assets at fair value through profit and loss	939	1,848	2,422	98	236
Short term loans, receivables and prepayments	4,187	3,643	2,823	3,651	2,522
Total current assets	**24,206**	**20,814**	**23,263**	**19,334**	**20,556**
Total non-current assets	**839**	**997**	**860**	**1,081**	**1,333**
TOTAL ASSETS	**25,046**	**21,811**	**24,123**	**20,414**	**21,889**
Total liabilities	**1,433**	**2,066**	**1,371**	**3,090**	**2,049**
Total owners' equity	**23,613**	**19,744**	**22,752**	**17,324**	**19,841**
TOTAL LIABILITIES AND OWNERS' EQUITY	**25,046**	**21,811**	**24,123**	**20,414**	**21,889**
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**

B.12

Total Tier 1 own funds	21,288	19,475	15,410	16,023	19,694
Total own funds	21,288	19,475	15,410	16,023	19,694
Capital adequacy	22.9%	29.7%	19.0%	21.1%	21.6%

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

B.12

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.

<table>
<tr><td>B.13</td><td>Events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency</td><td>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.</td></tr>
<tr><td>B.14</td><td>The statement on dependency upon other entities within the group</td><td>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.</td></tr>
</table>

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.

2. Persons Responsible

The members of the Management Board of the Issuer are responsible for the authenticity and completeness of all the data presented in this Prospectus.

Admiral Markets AS

legal address: Ahtri tn 6a, Tallinn, Harju County, 10151, Estonia

represented by its Management Board:

Dmitry Kuravkin
Member of the Management Board

Sergei Bogatenkov
Chairman of the Management Board

Dmitri Lauš
Member of the Management Board

Date of approval: **4 December 2017**

The signatories certify that they have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. No responsibility is accepted by the persons responsible for the information given in this Prospectus solely on the basis of the summary of this Prospectus, unless such summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

3. Risk Factors

3.1. General overview

When purchasing the Bonds, various risk factors could influence the value of the Bonds, most importantly risks related to the issued securities (section 3.2.), the Issuer (section 3.3.), and other risks (section 3.4.). Besides risk factors outlined in this part of the Prospectus, other risks influencing the performance of the Bonds may exist and should be considered by Potential Investor before making the investment decision.

The Investor should bear in mind that the repayment of Bonds and the Interest payments are not guaranteed or collateralised by the Issuer or any third parties. This Prospectus cannot be regarded as investment advice or investment recommendation to subscribe and/or acquire the Bonds or any other such service

3.2. Security-specific risks

The most important security-specific risks related to the issued Bonds could be outlined as follows:

3.2.1. 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. The Issuer's ability to meet its obligations arising from the Bonds and the ability of the holders of the Bonds to receive payments arising from the Bonds depends on the financial position and the results of operations of the Issuer, which are subject to the risks described in section 3.3. of this Prospectus.

3.2.2. Liquidity risk

The Bonds are distributed through public offering and the Issuer will apply for the listing of the Bonds in Bond List of Nasdaq Tallinn regulated market. That 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.

The Investor might bear a loss due to not being able to sell the Bonds on the secondary market or having to have to sell them at an unfavourable price.

For the avoidance of doubt, although the Issuer has the intention to take any measures to have the Bonds listed in the Bonds List of Nasdaq Tallinn regulated market, the Issuer cannot provide any assurance that the Bonds are listed and admitted to trading on the proposed regulated market.

3.2.3. 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.

This risk should be assessed by the Investor considering that besides the activities of the Issuer the developments in financial markets may affect the value of the Bonds and when the interest rates are rising, the value of existing Bonds may go down, and vice versa. In addition, the possibility should also be considered that future bond issuers with similar profile may offer higher yield to attract investors, and as a result of that the yield on the Bonds should have been higher.

3.2.4. Subordination Risk

The Bonds are subordinated to all unsubordinated claims against the Issuer. Subordination means that in the event of liquidation, bankruptcy and also during 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) any creditor of the Issuer has against the Issuer. Hence, in the event of liquidation or bankruptcy of the Issuer, all the claims arising from the Bonds are satisfied only after the full satisfaction of all unsubordinated recognised claims against the Issuer.

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. The satisfaction of the claims of the Issuer may also depend on the requirements, under which the EFSA may, if certain conditions are met, apply resolution tools and powers to ensure, inter alia, the sufficient protection of investors and other clients. If the conditions to apply the resolution proceedings by the EFSA are met, the bondholders as creditors of the Issuer may bear losses in accordance with the order of priority of their claims under bankruptcy proceedings. If the Issuer is undergoing financial difficulties and will be subject to any proceedings, the claims of the bond holders may be treated less favourably than the claims of other creditors as would be in usual bankruptcy or liquidation proceedings. The result might be that in case the Issuer has insufficient funds to redeem all of its obligations, an Investor might not receive the full amount of the claim. Application of such measures capable of leading to such a situation are subject to EFSA discretion.

3.2.5. Early redemption risk

According to the terms of the Bonds, 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 and further explained in section 4.3 of this Prospectus ("*Maturity Date and Redemption*") 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.

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.

3.2.6. 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 the implementation of new legal acts, either local or of EU origin, which may cause additional expenses or reduce return on investment. This risk may derive from the duration of the Issue. It is not possible to predict any alterations of the legislation to be made within the whole duration of the Issue. What is currently known is that on 14 June 2017 Regulation (EU) 2017/1129 (the “new prospectus regulation”) was adopted which repeals the Prospectus Directive (Directive (EU) 2003/71/EC). The new prospectus regulation does not affect the requirements for this Prospectus as this Prospectus is drawn and the Issue shall be executed under the current legal regime. Under Article 46 (3) of the new prospectus regulation this Prospectus shall continue to be governed by the national law until the end of its validity. The Prospectus shall be valid 12 months as of its approval. However, if any such amendment of the legislation is to be implemented which have an impact on all existing bondholders, an Investor may not gain profit in the amount expected under the current legislation.

3.2.7. 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. The Issuer shall not compensate Investors for any losses related to changes in tax regime.

3.2.8. 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.

3.3. Risks related to the Issuer

The risks described below may negatively affect the Issuer and, at the extreme, may cause the Issuer's insolvency and default on the Bonds.

The main risk factors influencing the financial performance of the Issuer are:

3.3.1. Market risk

Market risk is the risk of potential loss which may arise from unfavourable changes in foreign exchange rates, prices of securities or interest rates. Market risk arises from the Issuer's trading and investment activities in the financial markets, primarily in foreign exchange and securities markets as well as from borrowing activities and other means of taking in financial resources. Market risk derives from keeping foreign currency (other than euro) denominated assets in its balance sheet as well as derivatives on currencies, shares and commodities in its trading portfolio. The market risk applies also to the off-balance funds transferred by the Clients to their trading portfolios. 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:

(a) currency pair derivatives;

(b) share and commodity derivatives denominated in foreign currencies;

(c) 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.

Equity risk is defined as potential loss resulting from unfavourable movements in equity prices. It comprises of risks related to derivatives on stocks and stock indices, exposure to which stems from the Issuer's Clients' trading portfolios.

According to its risk management policy, the Issuer hedges all direct equity instruments (i.e. derivatives on single stocks), therefore the most significant risk from direct equity positions is counterparty credit risk. Open positions are allowed in derivatives on stock indices under limits and instructions set by the risk manager and the Management Board.

Commodity risk is defined as potential loss resulting from unfavourable movements in commodity prices. It includes risks from derivatives on commodities (oil and gas) and precious metals (silver, platinum and palladium). In order to mitigate the risk, open positions in commodities are allowed only under instructions from the risk manager and the Management Board.

To manage the market risk, the Issuer has established general limits at corporate level. Separate limits are established for trading portfolio. The limits for trading portfolio are observed in real time, five days a week. If the limit is exceeded, excess risk is hedged.

Taking controlled market risk is a major source of income for the Issuer. The Issuer does not hedge all open risk positions, but keeps them in its B-book to gain from short-term favourable movements in the market prices. In addition, holding unhedged positions in its B-book allows the Issuer to keep the spread and commissions that it would otherwise pay to its liquidity providers. However, while doing so, the Issuer strictly follows its internal risk management rules and limits as well as keeps adequate capital to cover inherent risk from the unhedged positions.

Unhedged positions in the Issuer's B-book are allowed in the following assets:

(d) most liquid currency pair derivatives,

(e) derivatives on share indices,

(f) derivatives on commodities.

Unhedged positions are not allowed in the following assets:

(a) derivatives on single shares and exotic share indices,

(b) exotic currency pairs,

(c) derivatives on cryptocurrencies.

The limits are regularly reviewed and updated by the risk manager and the Management Board. The maximum limits are restricted by the amount of available capital base of the Issuer.

Possible emergence of credit risk through realisation of market risk is limited through maximum leverage limits implied to Clients' trading positions. In addition, maximum allowed leverage and collateral requirements are adjusted before any known high-risk events (e.g. Brexit vote), in order to avoid dramatic losses in Clients' trading portfolios in excess of the collateral, which would imply potential credit risk to the Issuer.

3.3.2. Credit risk

Credit risk is the risk of potential loss which may arise from counterparties' inability to meet their obligations to the Issuer. Credit risk affects cash and cash equivalents (including the off-balance funds the Clients have transferred to their trading portfolios) held with third parties, loans granted and receivables are considered as assets open towards credit risk. Credit risk involves the following risks:

(a) Counterparty risk

(b) Concentration risk

<u>Counterparty credit risk</u> – risk that a counterparty to a trading book transaction (i.e. a liquidity provider) is not capable of performing or willing to perform its contractual obligations. Counterparty risk in trading portfolio results from the open derivative positions of Clients and trading counterparties from such transactions. The credit risk of Clients' trading portfolio is mainly managed through leveraging derivatives and

collateral rates. Generally, the leverage of Clients and collateral depend on the whole position opened by them. The greater the contingent value of the open position, the lower the leverage that is permitted for them. Also, the so-called Stop Out rate is assigned to each Client's trading account i.e. if the value of the Client's open position relative to the collateral on the account is reduced to a certain level, the open position will be automatically closed in accordance with the agreement concluded with the Client. In addition, collateral and leverage rates are reviewed before known high-risk events in order to prevent a sharp drop in the Client's trading portfolio that exceeds the value of the collateral held by the Issuer and that could create a credit risk for the Issuer. For example, in 2016 client leverages were reduced before the Brexit vote and the United States presidential elections.

The Issuer uses liquidity providers such as CFH Clearing Ltd, CMC Markets UK plc, Sucden Financial Ltd., Interactive Brokers Group, Inc and LMAX Ltd.

Concentration risk is risk arising from a large risk exposure to one counterparty (i.e. a liquidity provider) or related counterparties or multiple counterparties impacted by a single risk factor. The Issuer addresses assets associated with one counterparty, related counterparties and one industry, region or risk factor as part of concentration risk. For mitigation of concentration risk, the Issuer has trading accounts with different liquidity providers.

Assets open to credit risk are primarily:

(c) Cash and cash equivalents

(d) Receivables

(e) Loans

(f) Financial assets recognised at fair value through profit or loss

(g) Receivables arising from other financial assets

Cash and cash equivalents, including the off-balance funds the clients have transferred to their trading portfolios, held at credit institutions and investment companies (liquidity providers), are exposed to credit risk. The Management Board of the Issuer estimates that cash and cash equivalents, which consist mainly of demand deposits, transferrable to another credit institution upon first request, bear very low credit risk as the cash and cash equivalents are generally deposited at diverse range of highly rated credit institutions

For assessing the risk level of credit institutions, the Issuer uses ratings issued by international rating agencies Moody's, Standard & Poor's or Fitch, to the credit institutions or their parent companies. If a credit institution has not been issued such credit rating, the country rating is used. Generally, the credit institution must have a rating of at least AA-/Aa3. The amount of demand deposits that can be held at credit institutions with lower ratings is limited. The investment companies must have a respective licence issued by the competent authorities and high reputation. Twice a year, the ratings of credit institutions and investment companies are checked and publicly available information about potential problems is reviewed.

Loans have been granted mainly to the parent company of the Issuer (AMG). As of 30.06.2017 the balance of the outstanding loan was EUR 1,883,170. Additionally, the Issuer has EUR 106,497 of short-term receivables from its parent company. The management assesses the credit risk of the loan issued to be low. The

Management Board of the issuer evaluates the financial standing of AMG, to be good. AMG does not have other loans in addition to the amount owed to the Issuer. The amount of other liabilities, short-term payables, is also small (EUR 250,938 as at the date of the last annual report of AMG, 31.12.2016). The total equity of AMG was EUR 4,003,913 as of 31.12.2016 and it had EUR 796,614 of current assets (including EUR 688,987 as cash and cash equivalents).

Financial assets at fair value through profit or loss consist of bonds and derivative positions opened at trading counterparties (liquidity providers). The bonds are included in the liquidity management portfolio. The liquidity management portfolio is a part of the liquidity buffer of the Issuer and it consists of investments in pledgeable and high liquidity bonds. Bonds must have a minimum rating of Aa2 by Moody's.

Receivables arising from other financial assets include all other on-balance sheet financial assets, consisting primarily of receivables from liquidity providers and Group Companies. The Management Board estimates that these receivables bear in substance low credit risk.

The receivables from Group Companies are regular trade receivables as the Issuer is the key service provider for them. As of 30.06.2017 the short-term receivables from Group Companies amounted to EUR 2,286,109 (including EUR 106,497 from its parent company). The Management Board assesses the financial standing of the Group Companies to be good. Group Companies are well capitalised with the equity ratios of 42% or higher, they have no outstanding loans and there are no overdue receivables from Group Companies.

As at 30.06.2017, 31.12.2016 and 31.12.2015 there were no overdue receivables from its liquidity providers, except for the claim mentioned in Section 7 of the Prospectus. Historically, the losses from receivables have been insignificant and the only major incident of credit risk occurred after the sharp exchange rate fluctuations of Swiss franc. The risk policy of the Issuer was revised significantly after this event and the measures taken should avoid similar large-scale losses from unrecoverable receivables.

3.3.3. Liquidity risk

Liquidity risk is defined as a risk that the Issuer is unable to timely execute its contractual obligations because of mismatch of liquidity of assets and liabilities (unbalance in the maturity term). To manage the liquidity risk, the probable net position of receivables and payables of the different periods of time is monitored on a daily basis. Moreover, adequate liquid assets are kept on the account at all times and the concentration of liabilities is monitored.

3.3.4. Operational risk

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 expressed as the probability of damage, management and control mistakes, fraud, embezzlement by employees, damages caused by unprofessionalism, errors in the Issuer's internal systems and human errors.

Operational risk includes:

(a) control and management risk;

(b) legal risk;

(c) personnel risk;

(d) IT risk;

(e) model risk.

Control and management risk is a risk resulting from the inadequacy of applied control mechanism and management methods. Management risk is associated with decisions made by company managers in relation to the overall interest of shareholders and the company at large. In many cases, poor decisions of the management result in decrease of the value of the company.

Control risk is a probability of loss arising from the tendency of internal control systems to lose their effectiveness over time, and thus expose (or fail to prevent exposure of) the assets they were instituted to protect. The Issuer as an investment service provider operates in a demanding regulated environment and therefore must take extra care that the internal control systems are adequate and effective. The control systems of the Issuer are also supervised by EFSA.

The Issuer is required to have a well-functioning external and internal auditing systems. The purpose of the internal auditing is to assess the efficiency and appropriateness of the activities carried out by the Issuer or of the functioning of any systems (including the internal auditing system), and detect any problematic matters in the functioning of the organisational system as well as in the decision making. The auditing system has a reporting obligation to the Supervisory Board. Any information about the activities of the Issuer which indicates to a violation of law or damage the interests of the Clients is to be forwarded also to the EFSA.

Any financial underperformance by the management has effect on the profitability of the Issuer and hence the shareholders of the Issuer via profit loss. The internal processes of the Issuer are supervised by the Issuer itself as well as by the EFSA while exercising supervision over the Issuer.

One of the beneficial owners of the Issuer, Mr Alexander Tsikhilov, is a member of the Supervisory Board of the Issuer which possess control over the activities of the Management Board of the Issuer. The other beneficial owner of the Issuer, Mr Dmitri Lauš, is a member of the Management Board of the Issuer. It is in the interests of the beneficial owners of the Issuer that the management of the Issuer is performed in the best interests of the Issuer.

Legal risk is a risk resulting from the non-conformity with or misinterpretation of legislation, contracts, good practice and standards of ethics. 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 suspend or revoke such authorisation 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.

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 Commission has to adopt implementing and delegated acts for MiFID II and not all acts have been published as some of the implementing acts are waiting to be approved by the Commission. 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.

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 currently three possible strategies which could be initiated in the event the exact details of the UK's leave are determined: (i) the Issuer itself will restore provision of services to and acceptance of retail clients; (ii) AM Cyprus Ltd. will restore provision of services to and acceptance of retail clients; (iii) application for a licence to act as an investment firm in an additional EU member state. Concerning extending of activities of the Issuer itself, the Issuer is prepared to initiate such strategies within 24 hours, if necessary. Concerning applying for an additional licence in any other EU member state, the Issuer has been analysing the possibility of applying for a licence in Germany where AM UK currently operates through a branch.

In March 2017, ESMA issued a Q&A document (ESMA35-36-794) for the supervision authorities and market participants of the Member States of the EU to harmonise the supervisory approaches within the EU on the provision of CFDs, pointing out various issues in terms of conflict of interest situations, best execution rules and cross-border activities when offering CFDs and other relevant issues. It is also relevant to indicate that on 29 June 2017 the European Securities and Markets Authority (ESMA) issued a statement (document ESMA35-36-885), indicating its concern about the provision of speculative investment products (among others, CFDs) and ESMA deems possible that on or after 3 January 2018 it will use its intervention powers provided under article 40 of Regulation (EU) No. 600/2014 (MiFIR). These measures may include leverage limits, guarantee limits on client losses, and/or restrictions on the marketing and distribution of these products. The Issuer is constantly monitoring the updates from ESMA on the adoption of any such measures. These measures may affect the Issuer as well as other Group Companies and the Equal Counterparties of the Issuer operating within the EU. 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. In some jurisdictions (including various member states of the EU) the business activities and marketing options of the Issuer or other Group Companies are already more limited compared to the possibilities in Estonia as such countries have already adopted to some extent any or all of the above-mentioned limits and/or restrictions. As the Group Companies share their experience, the Issuer will be able to adapt with these limits. Any such changes may have an effect on the financial position of the Issuer. This does not concern all instruments offered by the Issuer to its Clients but only CFDs.

Personnel risk encompasses losses arising from the departure, disability or death of employees as well as incompetence or unsuitability of a personnel member. The loss may occur as direct expenses of replacing a key employee or indirectly through loss of experience and knowledge.

IT risk is the 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).

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.

The main methods for managing operational risk are the personnel policy, implementation of various internal control measures and operability planning. For managing operational risk on a daily basis, the Issuer uses systems of transaction limits and competence systems and in work procedures implement the principle of segregation of duties.

In assessment, monitoring and managing of operational risks, compliance and internal audit function have key role. The main task of the person performing compliance control is to define, in accordance with the Credit Institutions Act and the Securities Market Act, the risk of non-compliance of the activities of the Issuer with legal acts, voluntary guidelines of the Financial Supervision Authority and internal rules of the Issuer, taking into consideration the business scope and complexity of services rendered, and to arrange for their hedging or prevention.

3.4. Other risks

3.4.1. Risk of ownership concentration

The Issuer is controlled by one principal shareholder AMG, who effectively controls the decision making of the Issuer. AMG is currently controlled by a shareholder with a holding of above 70 per cent of the share capital, Alexander Tsikhilov, making him the main beneficiary of the Issuer. The main beneficiary of the Issuer has the ability to (through the principal shareholder of the Issuer) influence 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 assets or change of business activities can be made solely by the beneficiary rather than jointly by various shareholders.

3.4.2. Change of control risk

There are no rights attached to the Bonds in connection with a change of ownership or management of the Issuer. Any change of control event of the Issuer may take place solely at a discretion of the Issuer and its shareholders, yet any acquiring party (i.e. any person who is to obtain the shares of the current beneficial owner(s)) must be approved by the EFSA or any other competent authority to be able to take a position as a beneficial owner of the Issuer.

3.4.3. 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 of other Group Companies. The Issuer earns majority of its revenues for its activities as a shared service centre within the AMG consolidation group. In 2016, revenues from provision of services to other Group Companies accounted for 76.0 per cent of the total revenue of as the Issuer. As a result, the financial performance of the Issuer depends on the performance of the other Group Companies in their respective markets. To cover the risk, the Issuer together with the AMG have developed multiple strategies for the Issuer to recover from any event whereas the activities of any of the Group Companies is ceased or disrupted to the extent that this could have a significant influence to the financial position of the Issuer.

The Issuer is capable and possesses the relevant personnel to increase its own business volumes in provision of investment services to the Clients in addition to the services provided to the Group Companies (see also section 6.4 concerning the organisational structure of the group and the position of the Issuer within the group).

3.4.4. Industry reputation risk

Investment services are most of all web-based. There are numerous web pages operated by companies or private individuals who are not authorised to provide investment services. As the national competent authorities are not capable to control all the web-based service providers the services of whom could be accessible by the residents in their jurisdiction, many trading platform webpages or webpages imitating trading platforms have been created by people with fraudulent or criminal intentions. Some webpages often perform active selling to unexperienced retail clients. If sufficient supervision and control is not exercised over the activities of these companies which claim to be financial services providers, clients may get the impression that all companies providing similar services belongs among the kind of companies that are untrustworthy (generalisation risk). One way to deal with this problem is to mitigate the risk of the Issuer's business name being used by unauthorised persons. For this purpose the Issuer has registered various domain names which could be connected to the Issuer to prevent the use of these domain names by people with criminal intentions.

The activities of such unauthorised companies may have an impact on the company's area of activity in general, influencing the opinion of clients about financial institutions and services. Also, any scandals with global reach in the financial environment can draw negative media coverage to the industry and damage the reputation of all market participants, including the Issuer. In addition, 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. This may in a long term have a negative impact on the number of clients and the business volumes of the Issuer as well as other Group Companies.

To deal with these risks, the Issuer has executed a program to educate its Clients, providing an option to use demo accounts and providing educational materials. The Issuer provides to its Clients openly accessible webinars, tutorials, and organises seminars held by trading professionals to expand their knowledge on the basic matters necessary to develop analysing skills, personal risk management and better trading strategies. This is a general strategy of the AMG.

4. Bonds

4.1. Interest of natural and legal persons involved in the issue

According to the knowledge of the Management Board of the Issuer, there are no personal interests of the persons involved in the issue. There are no pre-emption rights connected to the Bonds. The Management Board is unaware of any conflicts of interests related to the Issue.

Although the beneficial owners of the Issuer and the members of the Management Board and Supervisory Board consider it possible that they subscribe and/or acquire some Bonds, the amount will not exceed 5 per cent of the aggregate Nominal Value of the Issue, i.e. will not be extensive enough to bring about conflicting interests. The purpose for the issue of the Bonds is to obtain external financing.

4.2 The purpose of the Bond issue and use of funds

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, which inevitably results in higher operational, credit and currency risk exposure. In order to cover risks, it 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.

4.3 Basic Information

Type and class of Bonds

Each Bond represents the Issuer's unsecured monetary obligation, arising under, issued and redeemed in accordance with this Prospectus.

The Nominal Value of a Bond is EUR 100. The total nominal value of the Issue is EUR 5,000,000. The total amount of Bonds is 50,000. In the case of over-subscription, the amount of Bonds can be increased by up to 20,000 Bonds (total maximum number of Bonds shall in this case increase to 70,000) and subsequently the total nominal value by EUR 2,000,000 (maximum total nominal value EUR 7,000,000).

Applicable law and jurisdiction

The Bonds are governed by the laws of the Republic of Estonia and are in compliance with the Estonian Securities Markets Act, Commercial Code, Law of Obligations Act, other applicable legislation of the Republic of Estonia, and rules of the Relevant Market.

The disputes related to the Bonds will be resolved by the competent courts of the Republic of Estonia in accordance with the applicable legislation.

Registration

The Bonds are in a registered book-entry form in ECSD. ECSD is at the moment of concluding this Prospectus maintained and operated by Nasdaq CSD.

The Bonds shall bear the ISIN code EE3300111251.

The Issuer is liable for organising the due registration of the Bonds and deletion of the Bonds upon their redemption. The Issuer may assume that the person entered in the ECSD as an owner of a Bond is the person to whom all payment obligations of the Issuer are to be fulfilled. Ownership of a Bond must always be changed via an entry in the ECSD.

All expenses regarding the transfer of the Bonds are to be covered by the Investor to whom Bonds are transferred.

Currency of the Bonds

The Bonds are denominated in EUR.

Ranking of the Bonds

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 Directive (EU) 2014/59/EU (transposed into the Estonian law through the Estonian Financial Crisis Prevention and Resolution Act) 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. The EFSA may apply resolution tools or powers to the Issuer only if certain conditions prescribed in the Estonian Financial Crisis Prevention and Resolution Act are met. Under resolution proceedings, the bondholders as creditors of the Issuer may bear losses in accordance with the order of priority of their claims under bankruptcy proceedings. The purpose of these tools and powers of the EFSA is, inter alia, ensure the sufficient protection of investors and the financial system in case the insolvency of the Issuer would otherwise damage the financial stability to a significant extent or bring about the need to use extraordinary public financial support.

For the avoidance of doubt, as long as no liquidation or bankruptcy proceedings have been initiated, 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. Any additional bonds issued by the Issuer shall be given the same or lower ranking than the Bonds.

Rights attached to the Bonds

The main rights of an Investor are the right to interest payments and the right to the redemption of the Bonds on the Maturity Date.

The issued Bonds are freely transferable and can be encumbered by any Investor. The Bonds are non-convertible into the equity of the Issuer.

The Issuer shall disclose all the information related to the Bonds in accordance with the applicable legislation and rules of the Relevant Market.

If the Issuer does not fulfil its payment obligations on time, the Investor shall have the right for penalty payment on the due and payable amount with a rate of 0.05 per cent per each delayed day.

If any other obligations of the Issuer pursuant to this Prospectus are breached, an Investor may exercise all rights arising from the applicable law.

Interest Rate and yield

Each Bond carries interest at the Interest Rate of 8 per cent per annum from (and including) the Issue Date up to (but excluding) the relevant Interest Payment Date. The Interest accrues during an Interest Period and is paid out semi-annually. Payment of the Interest in respect of the Bonds shall be made to the Investors on each Interest Payment Date for the preceding Interest Period. Interest payments are paid to the Investors who according to the ECSD's information are the owners of the Bonds three Business Days before the relevant Interest Payment Date at the end of such settlement day. If an Interest Payment Date falls on a day that is not a Business Day, the due date of payment is the Business Day immediately following the Interest Payment Date. This does not affect the sums that are to be paid, which are to be the same as if the payment had taken place on the respective Interest Payment Date.

Interest shall be calculated on the basis of a 360-day year comprised of twelve months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed (30/360-days basis). The payment of Interest on all Interest Payment Dates is determined according to the following formula:

CPN = F x C x n x [30/360], where:
CPN – value of the interest in EUR;
F – Nominal Value of the Bonds to which all capitalized Interest Payments are added;
C – annual interest rate payable on the Bonds; and
n – number of months from the Issue Date or the last Interest Payment Date (whichever is the latest).

If the Issuer fails to pay any amount payable by it on its due date, default interest shall accrue on the overdue amount from (and including) the due date up to (but excluding) the date of actual payment at a rate of 0.05 per cent per day.

No obligation to pay default interest applies if the Issuer's failure to make duly payments was solely attributable to the ECSD, in which case the Interest Rate shall apply for the overdue days instead and the accrual of the Interest for the following interest period shall begin from the day following the overdue interest payment date.

The Interest Rate is fixed; thus, a calculation agent is not used. The Issuer may decide on using the services of a payment agent for interest payments and shall in that case inform the Investors thereof.

Maturity Date and Redemption

The Bonds shall be redeemed, i.e. the redemption amount shall be paid to the Investors as a lump sum on the Maturity Date, i.e. 28 December 2027, or any other date of Redemption, if any circumstances allow an early Redemption to be called. If the Redemption date is not a Business Day in Estonia, the Issuer will make Redemption payments on the first Business Day after the holiday according to the terms stated in this section. This shall not affect the sums that are to be paid, which are to be the same as if the payment or settlement had taken place on the Redemption date.

As the Redemption payment, the Issuer shall pay the total Redemption price of the owned Bonds to the Investor. The Redemption price of the Bond shall be the Nominal Value of the Bond and the unpaid interest. The unpaid interest is calculated using the same formula as provided above, taking into account the actual number of days for the accrued interest. 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.

The Redemption payments are paid by the Issuer itself. The Issuer may decide on using the services of a payment agent for redemption payments and shall in that case inform the Investors thereof.

The possibilities to redeem the Bonds before the Maturity Date are limited. The Issuer is only allowed to redeem the outstanding Bonds prior to the Maturity Date if any of the following conditions is met:

(a) 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. The Issuer may only redeem the Bonds prematurely under this provision if the EFSA considers such change to be sufficiently certain and the Issuer demonstrates to the satisfaction of the EFSA that the regulatory reclassification of those instruments was not reasonably foreseeable at the time of the issuance; or

(b) there is a change in the applicable tax regime of the Bonds which the Issuer has successfully demonstrated and the EFSA has confirmed to be material and not reasonably foreseeable at the time of the issuance.

The grounds provided for above for the early redemption of the Bonds derive from Article 78 (4) of the Capital Requirements Regulation (EU) No. 575/2013 and are connected to the qualification of the Bonds as Tier 2 instruments under the respective regulation. The Bonds are to be redeemed at an amount per Bond equal to 100 per cent of the Nominal Value together with accrued but unpaid interest per Bond.

The use of the right to initiate an early redemption of the Bonds prior to the Maturity Date is exclusively subject to the approval of EFSA. The Issuer is obliged to inform the Investors after the receipt of such approval from the EFSA giving not less than thirty (30) Business Days' notice to the Investors prior to the date on which the Bonds are to be redeemed.

In addition, any Investor separately or Investors jointly do not have the right to demand early redemption of the Bonds. Other than liquidation or bankruptcy proceedings, any early redemption events are limited to the grounds provided for in Capital Requirements Regulation (EU) No. 575/2013 and described above.

If the Issuer fails to fulfil its payment obligations under this Prospectus, the Issuer must pay penalty payment on the due and payable amount with a rate of 0.05 per cent per each delayed day. The limitation period for the validity of claims on interest and repayment of principal is three years from the date in which the respective claims have fallen due.

Representative of the Issuer

The Issuer does not plan to use an agent or other representative, except a payment agent, if decided so by the Issuer or prescribed by law. The Issuer itself shall be liable for the due registration of the Bonds, management of documentation of the Bonds as well as payment obligations, unless otherwise decided by the Issuer. The Issuer reserves the right to, at any time throughout the Issue, decide upon the use of an agent or other representative. The Issuer declares that it may use a payment agent in case the number of Investors brings about difficulties in administration of the payments. The exact information will be provided by the Issuer upon such decision. The payment agent will not have its individual representation rights.

Transferability

All Bonds are freely transferable by an Investor with the following limitations:

(a) the Bonds have not been registered under the Securities Act of the United States or any securities laws of any state of the United States, thus, the Bonds may not be offered or sold in the United States or to, or for the account or benefit of, any U.S. person;

(b) the Bonds are not to be offered in any other jurisdiction where it is unlawful to do so.

4.4 Representations and warranties

The Issuer represents and warrants to the Investors as at the date of the approval of the Prospectus that:

(a) the Issuer is a duly incorporated and validly existing legal person acting pursuant to the laws of Republic of Estonia;

(b) the Issuer's obligations assumed under this Prospectus are valid and legally binding to the Issuer and performance of these obligations is not contrary to the Issuer's internal rules, laws or any agreement concluded by the Issuer;

(c) all governmental and other approvals, consents and registrations required for the issue of the Bonds and for the distribution thereof to the Investors have been obtained or will be obtained when necessary;

(d) the Issuer has all the rights and sufficient authorisations to issue the Bonds and fulfil obligations arising from the Issue;

(e) all information provided by the Issuer to the Investors is true, accurate, complete, correct, and not misleading in any respect as at the date of presenting the respective information;

(f) the Issuer is solvent, able to pay its debts as they fall due, there are no liquidation, bankruptcy or reorganisation (saneerimismenetlus) proceedings pending or initiated against the Issuer;

4.5 Taxation of income derived from the Bonds

The information provided below shall not be treated as legal or tax advice; tax rates and payment conditions may change during the period from approval of this Prospectus until the Maturity Date. The information provided on tax matters is valid as at the date of this Prospectus.

4.5.1 Taxation under Estonian laws

For tax purposes, an individual shall be considered a resident of the Republic of Estonia where:

(a) it permanently resides in the Republic of Estonia, or

(b) it stays in the Republic of Estonia for more than 183 days within any 12-month period, or

(c) it is a citizen of the Republic of Estonia employed abroad by the Republic of Estonia government as a member of the Diplomatic Services Department.

If an individual does not meet these criteria, it shall not be considered a resident of the Republic of Estonia for tax purposes.

A legal entity shall be considered a resident of the Republic of Estonia for tax purposes where it is or should have been established and registered in the Republic of Estonia pursuant to the provisions of the legal acts of the Republic of Estonia[3]. Other legal entities shall be considered non-residents of the Republic of Estonia for tax purposes.

If there is a tax treaty made with the residence country of a non-resident, the tax reliefs set in the treaty shall be complied with.

[3] This does not apply to limited partnership funds which is not considered a taxpayer under the Estonian Income Tax Act.

Tax amount:

	Interest Income tax rate	Tax rate for income from alienation of the Bonds	Withholding of the tax
Residents:			
Individuals	20%	20%	Tax on Interest Income is withheld by the payer of income.
Legal entities[4]	N/A	N/A	
Non-residents:			
Individuals	N/A[5]	N/A[6]	Tax on Interest Income is withheld by the payer of income.
Legal entities	N/A	N/A	Interest payer – the tax will be deducted at the moment of interest payment.

The Issuer is responsible for withholding and payment of taxes only if taxes are required to be withheld by the legal acts of the Republic of Estonia. Non-residents holding any of the Bonds may be obliged to declare and pay income tax in their country of residence. If the Issuer is required to withhold any taxes by the applicable laws, the Issuer must notify the Investor of the deduction of taxes and pays the required taxes in accordance with the procedures and in the amount provided for by law.

[4]Currently, any income received by a resident legal entity shall be taxed upon the distribution of the profit.

[5]Income tax rate of 5 per cent shall be applicable only in cases, if the imposition of reduced tax rate is stated by the tax treaty between Estonia and the respective country and, if the beneficiary of the payment before the disbursement of interest submitted to the Issuer the certificate of the residence – application for tax relief.

[6]Non-resident may be obliged to pay income tax in its country of residence.

4.5.2 Taxation under Latvian laws

For tax purposes, an individual shall be considered a resident of the Republic of Latvia where:

(a) it permanently resides in the Republic of Latvia, or

(b) it stays in the Republic of Latvia for more than 183 days within any 12-month period, or

(c) it is a citizen of the Republic of Latvia employed abroad by the government of the Republic of Latvia government.

If an individual does not meet these criteria, it shall not be considered a resident of the Republic of Latvia for tax purposes.

A legal entity shall be considered a resident of the Republic of Latvia for tax purposes where it is or should have been established and registered in the Republic of Latvia pursuant to the provisions of the legal acts of the Republic of Latvia[7]. Other legal entities shall be considered non-residents of the Republic of Latvia for tax purposes.

If there is a tax treaty made with the residence country of a non-resident, the tax reliefs set in the treaty shall be complied with.

As the reform of the current tax system is in its way to implementation, below are provided taxation rates under the current regulatory framework and also the rates that will be applied starting from January 1st, 2018.

Tax amount *until* the 1st of January 2018:

	Interest Income tax rate	Tax rate for income from alienation of the Bonds	Withholding of the tax
Residents:			
Individuals	10%	15%	Tax on Interest Income is withheld by the payer of income.
Legal entities	N/A	N/A	Interest payer – the tax will be deducted at the moment of interest payment.

[7] This does not apply to limited partnership funds which is not considered a taxpayer under the Corporate Income Tax Law.

Non-**residents:**			
Individuals[8]	10%	15%	Tax on Interest Income is withheld by the payer of income.
Legal entities	N/A	N/A	Interest payer – the tax will be deducted at the moment of interest payment.

Tax amount ***from*** **the 1st of January 2018:**

	Interest Income tax rate	Tax rate for income from alienation of the Bonds	Withholding of the tax
Residents:			
Individuals	20%	20%	Tax on Interest Income is withheld by the payer of income.
Legal entities[9]	N/A	N/A	
Non-**residents:**			
Individuals[10]	20%	20%	Tax on Interest Income is withheld by the payer of income.
Legal entities	N/A	N/A	

The Issuer is responsible for withholding and payment of taxes only if taxes are required to be withheld by the legal acts of the Republic of Latvia. Non-residents holding any of the Bonds may be obliged to declare and pay income tax in their country of residence. If the Issuer is required to withhold any taxes by the applicable laws, the Issuer must notify the Investor of the deduction of taxes and pay the required taxes in accordance with accordance with the applicable laws.

[8] Income tax rate of 5 per cent shall be applicable only in cases, if the imposition of reduced tax rate is stated by the tax treaty between Latvia and the respective country and, if the beneficiary of the payment before the disbursement of interest submitted to the Issuer the certificate of the residence – application for tax relief.

[9] Starting 2018 any income received by a resident legal entity shall be taxed upon the distribution of the profit.

[10] Non-resident may be also obliged to pay income tax in its country of residence.

4.5.3. Taxation under Lithuanian laws

For tax purposes, an individual shall be considered a resident of the Republic of Lithuania during the calendar year for taxation purposes if:

(a) the individual's permanent place of residence is in Lithuania during the calendar year, or

(b) the individual's place of personal, social or economic interests is in Lithuania rather than in a foreign country during the calendar year, or

(c) the individual is present in Lithuania for a period or periods in the aggregate of 183 days or more during the calendar year, or

(d) the individual is present in Lithuania for a period or periods in the aggregate of 280 days or more during successive calendar years and who stayed in Lithuania for a period or periods in the aggregate of 90 days or more in any of such periods (in such case a person is deemed to be a resident of Lithuania for both years of presence in Lithuania).

If an individual does not meet these criteria, it shall not be considered a resident of the Republic of Lithuania for tax purposes.

An entity will be considered as a resident of Lithuania for tax purposes if it is established and registered in the Republic of Lithuania. This may also include permanent establishments of foreign entities in Lithuania.

If there is a tax treaty made with the residence country of a non-resident, the tax reliefs set in the treaty shall be complied with.

Tax amount:

	Interest Income tax rate	Tax rate for income from alienation of the Bonds	Withholding of the tax
Residents:			
Individuals	15%[11]	15%[12]	15%
Legal entities	15%[13]	15%[13]	
Non-**residents:**			
Individuals	15%[11]	N/A[4]	Tax on Interest Income is withheld by the payer of income.
Legal entities	0/10%[14]	N/A	Tax on Interest Income is withheld by the payer of income.

The Issuer is responsible for withholding and payment of taxes only if taxes are required to be withheld by the legal acts of the Republic of Lithuania. Non-residents holding any of the Bonds may be obliged to declare and pay income tax in their country of residence. If the Issuer is required to withhold any taxes by the applicable laws, the Issuer must notify the Investor of the deduction of taxes and pays the required taxes in accordance with the procedures and in the amount provided for by law.

[11]EUR 500 non-taxable minimum applicable to interest from the Bonds.

[12]EUR 500 non-taxable minimum applicable to gains from disposal of the Bonds.

[13]Currently, any income of a Lithuanian entity (legal person) from the Bonds, including an interest, shall be considered as the taxable income of the entity. Having disposed of the Bonds a Lithuanian entity shall recognize the gain (the difference between the Bonds purchase and sale price). The income from the Bonds interest and the gain from the disposal of the Bonds shall be included into the overall taxable result of the Lithuanian entity that shall be subject to taxation.

[14]If legal person is from a EEA country/treaty country is subject to withholding tax at a rate of 0%, in other cases - 10%.

5. Terms of the offer

5.1. Offering

Subscription Period:	From 10:00 (EET) on 8 December 2017 to 17:00 (EET) on 19 December 2017
Issue Date:	28 December 2017
Interest Payment Date(s):	28 June and 28 December of each year (first Interest Payment Date on 28 June 2018)
Maturity Date:	28 December 2027

The Bonds are offered for subscription by way of a public offering to retail as well as institutional investors. The Bonds are registered with the EFSA and passported to Latvia and Lithuania, meaning that the Bonds will only be offered in Estonia, Latvia and Lithuania. Up to 50,000 (or in the event of over-subscription to the amount of 70,000) Bonds are to be offered to the Investors, with each Bond bearing a Nominal Value of 100 EUR.

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. The Issue Price of a Bond is the Nominal Value of the Bond.

Purchase Offer

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

The Purchase Offer must be submitted by an Investor during the Subscription Period. Prior to the closing of the Subscription Period, an Investor may amend or withdraw its Purchase Offer. The respective instructions must be given to the account operator or exchange member representing such Investor (as explained below), or, in case the Purchase Offer is submitted directly to the Issuer, the instructions are to be given directly to the Issuer. As of the end of the Subscription Period, no amendments can be made to the Purchase Offer and the Purchased Offers submitted by the Investors are deemed as final.

Estonia

To submit a Purchase Offer in **Estonia**, the Investor must have a securities account opened with ECSD through any account operator of the ECSD's Securities Settlement System in its own name or via a nominee account.

A Purchase Offer is deemed to be valid if it is submitted to the account operator of the ECSD's securities settlement system that operates the securities account used by the Investor or directly sending the accordingly signed Purchase offer to the Issuer using the contact details provided in this Prospectus and submitted within the Subscription Period.

Any fees or costs charged by the account operator of the ECSD's securities settlement system in connection with submission, cancellation or

Latvia, Lithuania

To submit a Purchase Offer in **Latvia** and in **Lithuania** the Investor must submit Purchase Offer via respective market's Exchange Members or send the Purchase Offer directly to the Issuer.

A Purchase Offer is deemed to be valid if it is submitted to the Exchange Member of Nasdaq Riga or Nasdaq Vilnius by the Investor or directly sending the accordingly signed Purchase Offer to the Issuer using the contact details provided in this Prospectus and submitted within the Subscription Period.

Any fees or costs charged by the Exchange Member of Nasdaq Riga or Nasdaq Vilnius in connection with submission, cancellation or amendment of Purchase Offer are to be redeemed by the Investor itself.

amendment of Purchase Offer are to be redeemed by the Investor itself.

The list of the account operators of the ECSD's securities settlement system is provided on the webpage of ECSD: [https://nasdaqcsd.com/services/services-to-account-operators/list-of-account-operators/.](https://nasdaqcsd.com/services/services-to-account-operators/list-of-account-operators/)

The list of the entities operating as exchange members of Nasdaq Riga and/or Nasdaq Vilnius can be found at the following webpage: [http://www.nasdaqbaltic.com/market/?pg=members&lang=en.](http://www.nasdaqbaltic.com/market/?pg=members&lang=en)

The Purchase Offers for Bonds are to be submitted providing at least the following information:

(a) the Investor's name, identification or registry code and contact data (name of contact person, address, e-mail, telephone, facsimile numbers);

(b) the securities account and current account numbers of the Investor;

(c) the date of the Purchase Offer;

(d) the name of the security, ISIN code of the security;

(e) the amount of subscribed Bonds;

(f) the amount of Purchase Offer, i.e. the total Nominal Value of the Bonds to be subscribed by the Investor.;

(g) the Investor's or its representative's signature (if the Purchase Offer is submitted directly to the Issuer).

By submitting a Purchase Offer each Investor:

(a) confirms having read and understands the terms and conditions of the Bonds and additional information provided for in this Prospectus;

(b) accepts the terms and conditions provided for in this Prospectus;

(c) acknowledges that the Purchase Offer submitted can only be amended or withdrawn prior to the end of the Subscription Period and is considered irrevocable from the end of the Subscription Period;

(d) acknowledges that the Investor may receive less than the number of Bonds indicated in the Purchase Offer as the number of Bonds indicated in the Purchase Offer constitutes a maximum number of Bonds to be received;

(e) undertakes to pay for the number of Bonds allocated to the respective Investor;

(f) confirms that the contact details and address of the Investor are correct, and the Investor waives any claims arising from a failure to receive a notice or document, if such notice or document has been sent to the address of the Investor indicated in the Purchase Offer; and

(g) acknowledges that the Investor has assessed and understood the risks that relate to the acquisition of the Bonds.

Investors have the right to submit several Purchase Offers during the Subscription Period. All the Investor's Purchase Offers will be aggregated and considered as one order.

Allocation and Confirmation

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 under the following terms:

(a) each Investor who has submitted a valid Purchase Offer under the terms provided for in this Prospectus, will be allocated at least 1 Bond;

(b) all other Bonds are to be allocated at the sole discretion of the Issuer;

(c) The allocation of Bonds to Investor who have submitted a Purchase Offer after the termination of the Subscription Period the allocation of any Bonds is at the sole discretion of the Issuer.

To inform the Investors about the results of the allocation, the Issuer will submit a confirmation to Investors 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 partial or complete 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. A Purchase Offer may only be fully rejected if it is not submitted in accordance with provisions set in the Prospectus. 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.

Option to increase the Total Nominal Value of the Bonds

In the event of over-subscription of the Bonds, the Issuer has the right to increase the total Nominal Value of the Bonds up to EUR 7,000,000 and issue additional 20,000 Bonds in addition to the 50,000 Bonds. As a result, the total number of Bonds is up to 70,000. The additional Bonds are to be allocated to Investors who have submitted Purchase offers.

5.2. Issue price

The Issue Price for each Bond will be its Nominal Value.

5.3 Payment of issue price and delivery of Bonds

Settlement of the Bonds will be executed as delivery versus payment (DVP) transactions. This means that if the Purchase Offer has been placed via an account operator of the ECSD's securities settlement system or an exchange member of Nasdaq Riga or Nasdaq Vilnius, the amount to be paid for the Bonds subscribed for will be reserved by the account operator or an exchange member after submission of the Purchase Offer by the Investor and the Investor will not be able to use these funds. If the Issuer will allocate any Bonds to the Investor, it will inform the account operator or exchange member who will then on the Issue Date in exchange for the Bonds transfer the monetary funds to the Issuer. If the Investor will be allocated less Bonds than the Investor subscribed for, the reserved funds exceeding the total Nominal Value of the Bonds allocated to the Investor will be released by the account operator or exchange member and will not be transferred to the Issuer.

In case the Purchase Offer is submitted directly to the Issuer, the settlement details will be provided by the Issuer to the Investor in the Confirmation. The Issue Price of the allocated Bonds must then be transferred to the Issuer after the confirmation or partial confirmation of the Purchase Offer but on the day immediately preceding the Issue Date.

The Bonds are delivered by the Issuer to the Investor's securities account indicated in the Purchase Offer of an Investor on the Issue Date. If the Issue Price has not been paid by the Issue Date, any Bonds will be transferred to such Investors at the sole discretion of the Issuer.

The information of the primary placement results will be published on the Issuer's webpage http://admiralmarketsgroup.com/admiral-markets-as/bonds and in the location of the Issuer in the business hours without delay as of the completion of the final settlements.

5.4 Cancellation of the placement

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.

5.5 Admission to the regulated market

The Issuer intends to submit an application to Nasdaq Tallinn 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. Regulated market is a multilateral system which brings together multiple third-party buying and selling interests in financial instruments. Operating a regulated market within the EU requires the operator to be authorised in the home state of the regulated market.

The Issuer undertakes to cover all costs and expenses required for including the Bonds in the Respective Market on the terms and according to the procedure stipulated by this Prospectus and the applicable legislation.

The Bonds will be available for trading after the decision on admission to the regulated market adopted by the Listing Committee of the regulated market.

According to the listing rules of Nasdaq Tallinn regulated market, 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.

6. Issuer

6.1. General Information about the Issuer

Company name:	Admiral Markets AS
Place of registration:	Estonia
Date of registration:	26.02.2003
Unified registration number:	10932555
Office address:	Ahtri 6a, 10151 Tallinn, Harju county, Estonia
Contact details:	phone number +372 630 9303, fax number +372 630 9304; homepage: http://admiralmarketsgroup.com/admiral-markets-as
Legal address:	Ahtri 6a, 10151 Tallinn, Harju county, Estonia
Share capital:	EUR 2,585,600 (404,000 shares)
Legal form:	Public limited company
Applicable legislation:	Estonian

6.2. Articles of Association

The minimum amount of the share capital of the Issuer is 766,940 EUR, maximum share capital of the Issuer is 3,067,759 EUR.

The Issuer has only one type of shares. The nominal value of each share is 6.40 EUR. Payments for the shares may be made both by monetary and non-monetary contributions, unless otherwise prescribed by any applicable law. Each share provides the shareholder a vote in the general meeting.

The shares are freely transferrable by a shareholder to another shareholder and may be pledged by a shareholder holding the respective shares. Upon a transfer of shares to a third person not holding any shares of the Issuer, other shareholders have the right of pre-emption within one month from presentation of the transfer contract.

Under the Articles of Association of the Issuer and in accordance with the Estonian Commercial Code, the managing body of the Issuer is the Management Board. As the Issuer is a public limited company, the Estonian Commercial Code requires the Issuer to have a dual board system (separate Management and Supervisory Board), whereas a Supervisory Board is to be established for monitoring the activities of the Management Board as well as making decisions related to matters out of the ordinary business activities of the Issuer. The provisions concerning the obligations and rights of the Management Board and the Supervisory Board are following the standardised provision in the Estonian Commercial Code.

The Management Board comprises of two to five members. The members of the Management Board shall be elected and removed by the Supervisory Board.

The Supervisory Board comprises of three to five members. The Supervisory Board shall meet at least once in every three months. A meeting shall have a quorum if more than half of the members attend the meeting. A resolution is adopted by the Supervisory Board if at least half of the members of the Supervisory Board attending the meeting vote in favour of such resolution.

The General Meeting of the shareholders shall be called by the Management Board and held at least annually within the first six months from the end of each financial year. Any other obligatory General Meetings are to be held in accordance with the laws. The General Meeting has a quorum if at least half of the votes determined by the shares are represented. A resolution shall be adopted if over half of the votes represented at the General Meeting are in favour of such resolution, a greater majority may be required by law. A resolution on amendment of Articles of Association is adopted if at least 2/3 of the votes represented at the General Meeting are in favour.

6.3. Historic information of the Issuer

2003 - The Issuer was established under the name Admiral Invest OÜ (private limited company). The Issuer was later transformed into a public limited company (2004) and renamed as Admiral Markets AS (2007).

2009 - The Issuer was granted an authorisation by the EFSA to act as an investment firm in Estonia. Admiral Markets Holding AS was incorporated under the Estonian laws (in 2014 renamed as Admiral Markets Group AS) by the beneficiaries of the Issuer.

2010 - Branches of the Issuer in Latvia, Lithuania, Poland, Bulgaria, Romania and Czech Republic were established.

2011 - Incorporation of Admiral Markets Pty Ltd., a subsidiary of the AMG in Australia.

2012 - Incorporation of two subsidiaries of AMG, AM UK in the United Kingdom and Admiralex Ltd. (renamed as Admiral Markets Cyprus Ltd.) in Cyprus. In the same year, Admiral Markets Pty Ltd. was granted an authorisation by the Australian Securities and Investments Commission to act as an investment firm in Australia.

2013 - AM UK was granted an authorisation from the Financial Conduct Authority (FCA), national competent authority in the UK, to act as an investment firm in UK. Admiral Markets Cyprus Ltd. was granted an authorisation to act as an investment firm in Cyprus. Incorporation of Runa Systems in Belarus, a subsidiary of AMG the main purpose of which is to provide new applications and IT services to financial institutions.

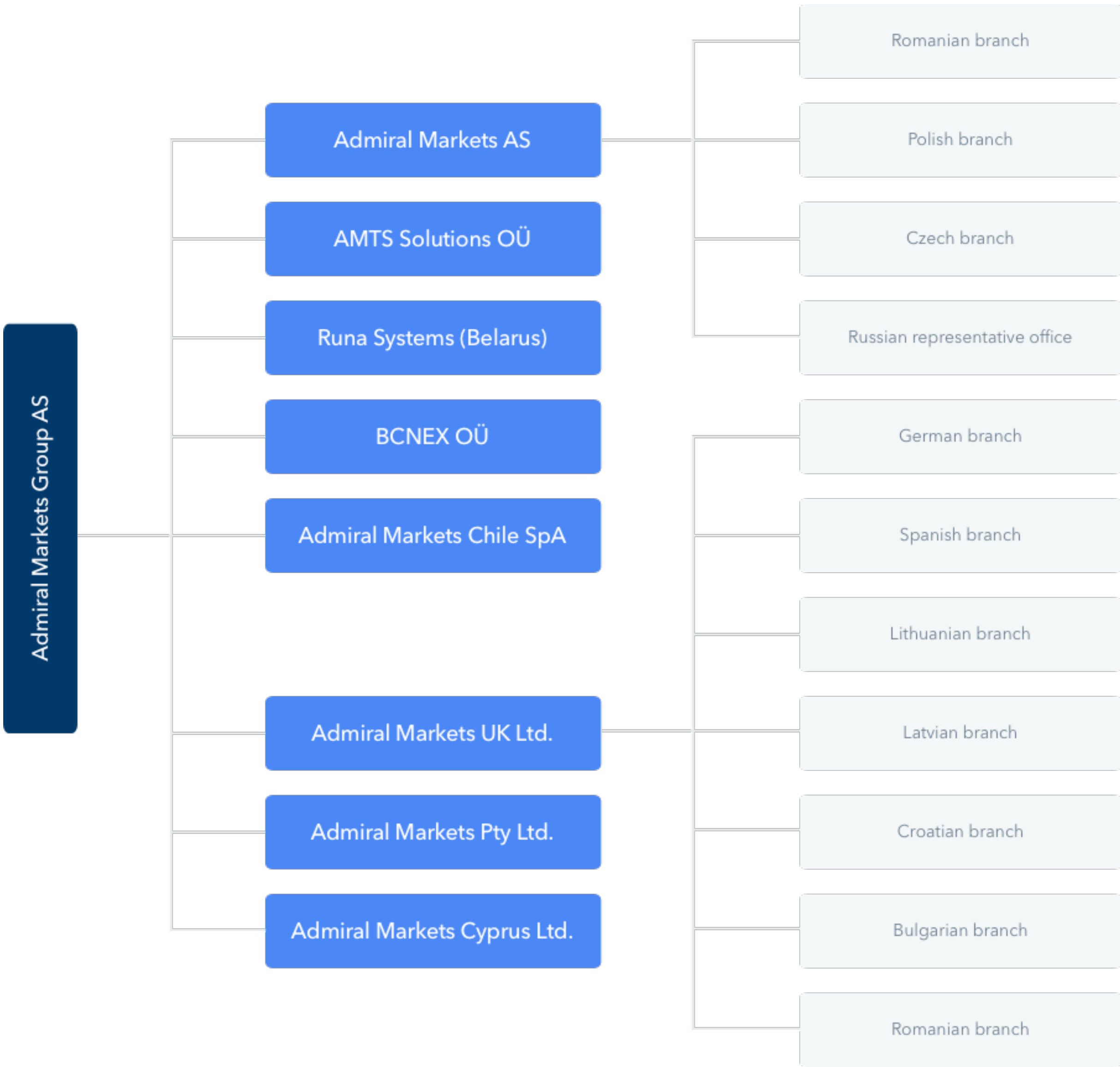
2014 – Incorporation of AM Chile SpA, a subsidiary of AMG the purpose of which is to expand the provision of services under Admiral Markets brand to South America.

2015 - The Issuer was transferred under the full ownership of AMG. Incorporation of AMTS OÜ, a subsidiary of AMG which provides IT solutions to the Group Companies.

2017 – incorporation of BCNEX OÜ, a company whose initial purpose is the research of the possibilities of developing blockchain technology solutions.

6.4. Organizational structure of the Issuer

Organizational chart of the Issuer

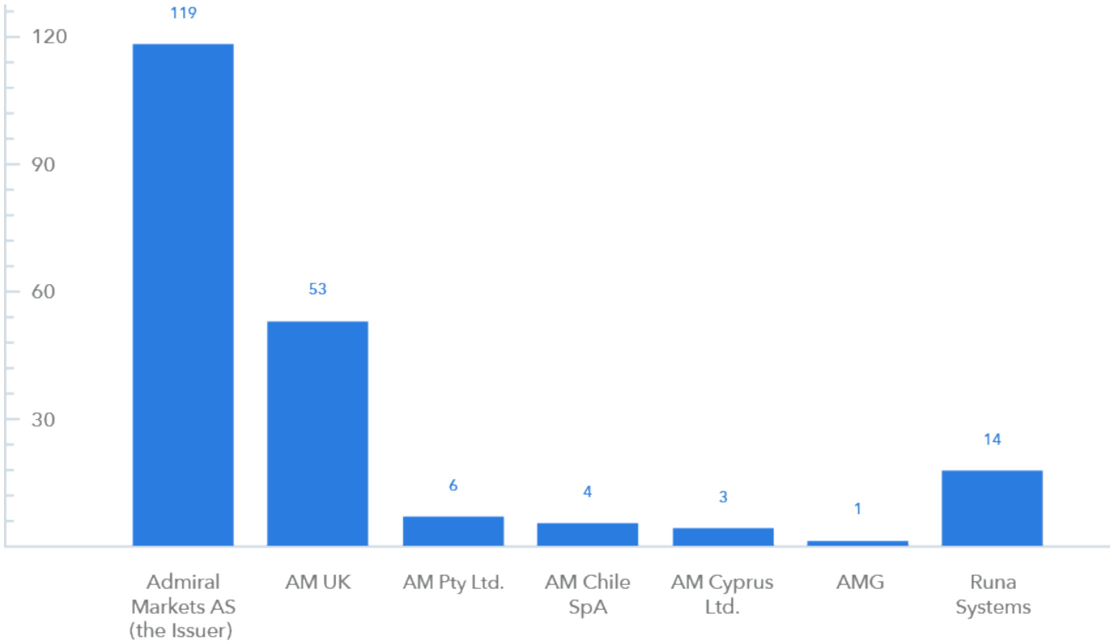


Organisational structure valid as of March 2017 and as at the date of this Prospectus

Employees of the Group Companies

The Issuer is a subsidiary of AMG (being fully owned and controlled by AMG) which is a holding company and operates as an administrative body of the Group Companies. The Issuer's business is in several ways connected to the business of other Group Companies, thus all Group Companies are working closely together. The beneficial owners of the Issuer are the current shareholders of AMG (see also 6.17).

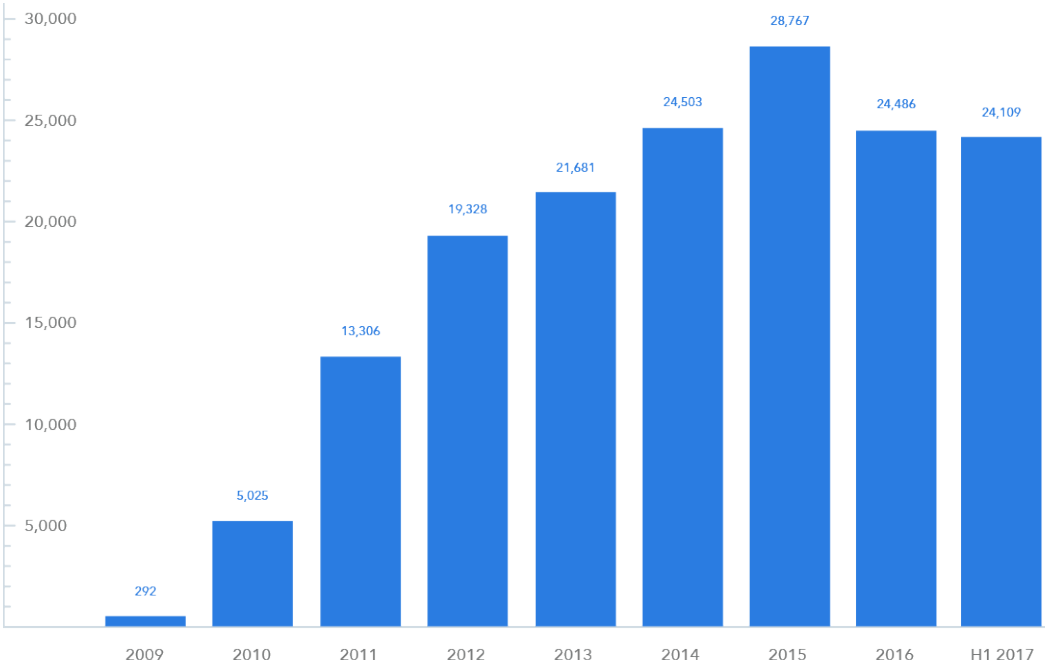
The Group Companies employ a total of 200 professionals as of 30.06.2017. The largest employers are the Issuer with 119 employees and AM UK with 53 employees. Most of the other Group Companies employ already less than 10 people – AM Australia 6, Chile 4, Cyprus 3, AMG 1. Runa Systems employs 14 people.



The number of employees in each of the Group Companies

Client Accounts of the Group Companies

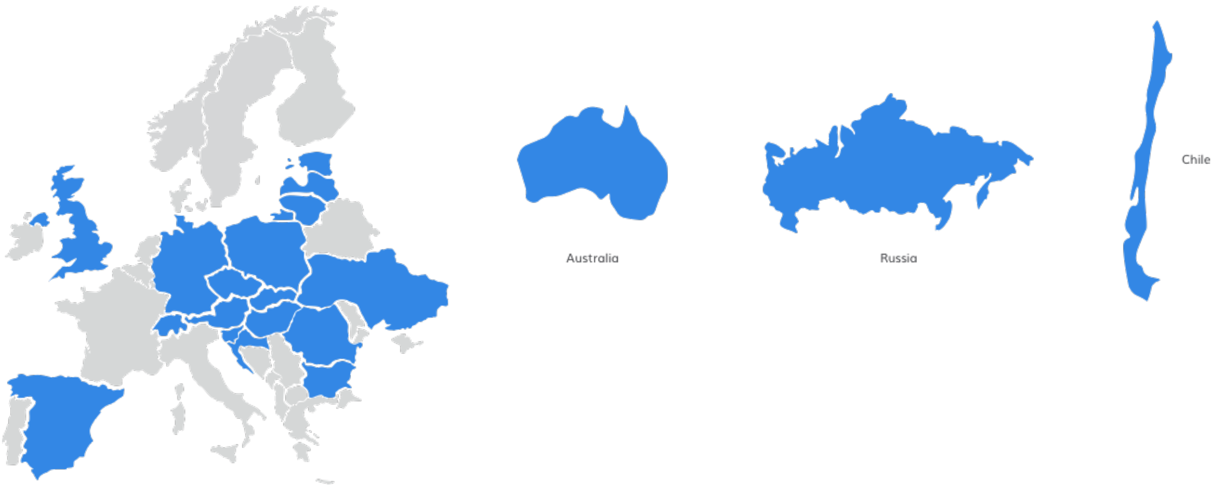
As of 30.06.2017 Group Companies had total of 24,109 active client accounts, which had executed at least one trade in last 12 months. The number of active accounts has been stable over the last 4 years, except for a 15% drop in 2016, attributable to increase in minimum required deposit.



Number of active client accounts of the Group Companies

The Main Markets of the Group Companies

The group has clients in more than 90 markets and local offices in 16 countries. The major markets are presented on the following chart:



Main markets of the Group Companies

The Group Companies

The Issuer is historically the first company of the Group Companies licenced as an investment firm. In 2009, the Issuer was authorised to act as an investment firm by the EFSA. Within the same year, AMG was established and the Issuer began expanding its business via its branches and other subsidiaries of AMG within the territory of EU and in South America and Australia. All Group Companies are established to support the provision of investment services and ancillary services further described in section 6.6 below and expansion thereof all over the world.

The main location of the Issuer and AMG is Estonia. Together, the companies are providing investment services in other countries via branches of the Issuer or other subsidiaries of AMG authorised to provide investment services in the countries where they are incorporated. The only function of AMG is to supervise and propose the overall group strategy. The group consists of the Issuer, investment firms in Chile (AM Chile SpA, activities currently suspended), Australia (AM Pty Ltd.), Cyprus (AM Cyprus Ltd.) and United Kingdom (AM UK), and entities providing IT and other related intragroup services (Runa Systems, BCNEX OÜ and AMTS Solutions OÜ). 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. The latter companies provide services under Admiral Markets trademark. As offering derivative investment products in Chile is not regulated at the national level, AM Chile SpA is not licensed. Runa Systems, BCNEX OÜ and AMTS Solutions OÜ have been established with the sole purpose to provide technical support to all other Group Companies (i.e. the companies providing investment services).

Companies Licenced to act as investment firms

Licensee: Admiral Markets AS
Licence by the EFSA – 4.1-1/46

Services: (1) reception and transmission of orders related to securities; (2) execution of orders related to securities in the name of or for the account of the client; (3) dealing in securities on own account,

Ancillary Services: (1) safekeeping and administration of securities for a client and activities related thereto, including receipt of securities transfer and pledge orders and other orders related to the encumbrance of financial securities from clients and forwarding or execution thereof; (2) grant of a credit or loan to an investor to conduct securities transactions on the condition that the creditor or lender itself is related to the transaction; (4) provision of foreign exchange services where these are connected with the provision of investment services; (5) preparation or provision of recommendations on investment and financial analysis or other general recommendations in connection with securities transactions; (7) provision of other investment and ancillary services in connection with derivative instruments, if the securities are connected with the provision of investment or ancillary services.

Markets: 28 Member States of the European Union, 3 EEA countries

Licensee: Admiral Markets UK Ltd
License by FCA (UK) - 595450

Services: (1) Arranging (bringing about) deals in investments; (2) Arranging safeguarding and administration of assets; (3) Dealing in investments as agent; (4) Dealing in investments as principal; (5) Making arrangements with a view to transactions in investments

Markets: 28 Member States of the European Union, 3 EEA countries (Iceland, Norway and Liechtenstein)

Other: Financial Services Compensation Scheme (FSCS) for up to £85,000 under the Financial Conduct Authority Client Asset (CASS) rules.

Limitations: AM UK is unable to hold financial instruments for own account unless it meets certain conditions.

Licensee: Admiral Markets Pty Ltd
License by ASIC - No 410681

Services: (a) Provision of financial advice for deposit and payment products, derivatives and foreign exchange contracts; (2) Issuing, applying for, acquiring, varying or disposing of a financial product in respect of derivatives; and foreign exchange contracts; and applying for, acquiring, varying or disposing of a financial product on behalf of another person to retail and wholesale clients

Markets: Australia and Asia

Licensee: Admiral Markets Cyprus Ltd
License by CySEC - No 201/13

Services: (1) Reception and transmission of orders in relation to one or more financial instruments, (2) Execution of orders on behalf of clients, (3) Portfolio management

Ancillary services: (1) Safekeeping and administration of financial instruments, including custodianship and related services (2) Foreign exchange services where these are connected to the provision of investment services

Markets: 28 Member States of the European Union, 3 EEA countries (Iceland, Norway and Liechtenstein)

Other: Membership in Investor Compensation Fund, which secures any claims of covered clients against members of the fund

The Issuer and AM UK also have various branches all over the EU to ease the entry to active business in the investment services' market in the respective countries. Although the services are mainly provided via technical solutions, physical presence often helps when communicating with the local national competent authority, most of all because the proceedings with the local authorities are mainly in the official language of the respective country. The Group Companies form a unified system for the provision of services, whereas the Issuer has a central position. Although among the Group Companies AM UK enjoys the biggest number of clients, the Issuer has the highest number of staff members. The Issuer provides the Group Companies the main back- and middle office functions (see also section 6.6.2) which are obligatory for the provision of investment services to the Clients. The Issuer is also the owner and developer of the technical solutions used by the Group Companies providing technical support to the other Group Companies, making the Issuer a vital partner for the other companies providing investment services under Admiral Markets trademark (see also section 6.6.2).

The Issuer and other Group Companies

Among the Group Companies, the most important partners for the Issuer are AM UK and, and for technical support, 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 client base, in case the services of AM UK and/or its branches are disrupted or ceased, 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. 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 the lack of technical support. The Issuer has established a scheme to recover from such disruptions (see also legal risks connected to the possibility United Kingdom leaves the European Union in section 3.3.4 of this Prospectus). Concerning any possible disruption or cease of the functioning of Runa Systems, the Issuer has the employees to cover the vital support functions of Runa Systems by itself. The further development of the software will be temporarily ceased and continued only if it is deemed necessary. The Issuer is already developing some functions of the software itself and is moving towards greater independence from Runa Systems.

The operations of AM Pty Ltd and AM Cyprus Ltd do not have a significant influence on the Issuer. Regarding both AM Pty Ltd. and AM Cyprus Ltd., the non-significance is mainly caused by the volume of operation outsourced to the Issuer which is relatively small if compared to the volumes outsourced by AM UK to the Issuer (see also section 6.6.2). What is more, the geographical remoteness and considerable differences in the legislation of Australia and the European Union influence the possibilities of the Issuer in provision of services to AM Pty Ltd. The activities of AM Chile SpA are temporarily ceased and therefore to company does not have a significant influence on the Issuer.

Most of the current business activities in EU are initiated through AM UK. AM UK is holding a licence from the financial supervisory authority of United Kingdom the Financial Conduct Authority (FCA) to provide investment services to retail as well as institutional clients on similar terms as the Issuer. Although the Issuer is still a direct service provider to its existing Clients, new clients from EU and European Economic Area are mainly onboarded by AM UK (clients may also be onboarded by the Issuer and AM Cyprus Ltd.). The Issuer has not onboarded any retail Clients as of 2015 as a part of the structural changes in the Group Companies. The retail Clients are mainly directed to the webpage of AM UK. AM UK and the Issuer have concluded a service agreement under which the Issuer provides essential services (further described in section 6.10.2 of this Prospectus) to AM UK. The Issuer is the owner (together with AMTS Solutions OÜ) of the main software (see also section 6.9 for an overview of the main software owned by the issuer in order to provide services) developed for the companies doing business under the Admiral Markets trademark which is used by the Group Companies.

Runa Systems as well as AMTS Solutions OÜ are providing intragroup services concerning the technical solutions used by other Group Companies. Runa Systems provides support for the Trader's Room which is a unique addition to the trading system the Issuer offers for its Clients, and unique software for organising clients' data. AMTS Solutions OÜ is the developer of the Admiral Markets trading platform used by the Issuer and other Group Companies. The Admiral Markets trading platform is jointly owned by the Issuer and AMTS Solutions OÜ, therefore the dependency of the Issuer from AMTS is not as one-sided than in respect of Runa Systems. In case the services of Runa Systems are disrupted or ceased, the provision of services may be temporarily disturbed due to lack of technical support (see above regarding the Issuer's exposure to the risk of stoppage in activities of Runa Systems). The Issuer has addressed the possible risks and has the readiness to switch the provider of technical support swiftly.

The Issuer has undergone a structural change in 2016, whereby the branches of the Issuer in Latvia, Lithuania and Bulgaria have been closed and branches in respective countries have been established by AM UK. This decision was made and finalised before the 23 June 2016 referendum in United Kingdom, during which the United Kingdom voted to leave from the European Union (also known as Brexit). By that time, no arrangements had been made regarding the closing of other branches of the Issuer. For now, the Issuer itself continues to operate through its branches in Romania, Poland and Czech Republic alongside with a representative office in the Russian Federation. The representative office is established with the purpose of having physical presence in the Russian Federation, to have an office for the employees of the Issuer who are residents of the Russian Federation, and to have an overview of the developments of the market. Any further structural changes within the Group Companies depend on the aftermath of the arrangements between United Kingdom and the European Union and the subsequent effects on the business activities of AM UK.

6.5. Sworn auditor

The annual financial statements and financial information of the Issuer for 2016 added to the Prospectus have been audited by PricewaterhouseCoopers AS. The interim financial information is unaudited.

Registration number	10142876
Legal address	Pärnu mnt 15 10141 Tallinn Harju county Estonia
Licence no	6 (Estonian Auditors' Association),
Name of the responsible auditor:	Tiit Raimla (sworn auditor, no of certificate 287) Verner Uibo (sworn auditor, no of certificate 568)

The annual financial statements and financial information of the Issuer for 2015 and 2014 added to the Prospectus have been audited by Ernst & Young Baltic AS. The agreement with Ernst & Young Baltic expired in 2015 and the new audit firm PricewaterhouseCoopers AS was appointed to rotate auditors.

Registration number	10877299
Legal address	Rävala pst 4 10143 Tallinn Harju county Estonia
Licence no	58 (Estonian Auditors' Association),
Name of the responsible auditor:	Mrs Olesia Abramova (sworn auditor, no of certificate 561)

For the avoidance of doubt, the Issuer has exchanged auditors after every few years as a new auditor usually has a new perspective to the accountings and this generally helps to maintain a good quality to the quality of the auditing.

6.6. Main areas of the Issuer's business activities

The Issuer major fields of activity can be divided into provision of investment services to retail and professional investors and offering shared services to Group Companies.

6.6.1. Provision of investment services

The Issuer is one of the leading investment services providers in Estonia, offering trading with Forex and CFDs on shares, indices, precious metals and energy under *Admiral Markets* trademark. In addition to Estonia, the Issuer offers its investment services also in Romania, Poland and Czech Republic with the assistance of its branches established in these respective countries.

The Issuer is licensed by the EFSA for investment and brokerage activities in the European Union, entitled to perform investment and brokerage activities in financial markets, including foreign exchange, shares, futures and CFDs. Consequently, the Issuer is authorized to provide cross border brokerage services in the 28 member countries of the European Union, and in three European Economic Area (EEA) countries: Iceland, Norway and Liechtenstein.

Instruments

The Issuer offers comprehensive list of investment instruments to its Clients:

(a) Forex – 56 currency pairs, including pairs with numerous exotic currencies e.g. South African Rand, New Zealand Dollar;

(b) CFDs on commodities - 5 metals (gold, silver, platinum, palladium vs USD and gold vs AUD) and 3 energy (Brent, WTI oil vs USD, natural gas);

(c) CFDs on stock indices - 16 stock indices and 2 index futures;

(d) CFDs on stocks - 64 stock from NYSE (29), Nasdaq (9), Euronext (11), Xetra (12), BME (3);

(e) CFDs on bond futures - 2 bond indices (Bund, 10Yr T-Note);

(f) CFDs on cryptocurrency pairs with fiat currencies – 5 pairs (Bitcoin, Etherum, Ripple, Litecoin, Bitcoin Cash vs USD).

In 2016, forex was the most active instrument with 56.5% volume of all transactions. Forex was followed by on equity-based CFDs and index-based CFD (37.0%) and commodity based CFD-s (6.4%).

Trading platform

The Issuer offers trading services through online platform only. At the beginning of 2016, the Issuer launched a new web-based trading platform MetaTrader 4 WebTrader. This platform enables trading in all operating systems (Mac, Windows, Linux) through web interface, as a result of which clients do not have to download additional software. In 2017, the Issuer upgraded its trading offer on the MetaTrader 5 platform, that includes expanded coverage of markets, with all Forex instruments and CFDs on cash indices, commodities, single shares, bonds, and cryptocurrencies.

Additionally the Issuer has developed a TR3 (Trader's Room 3) web app. The app is used by Clients to register themselves as users, open demo or real accounts, transmit applications for deposits and withdrawals, approve and amend personal information, and submit documents required for the know-your-customer or KYC procedures. TR3 includes also a billing system and single log-on service to all the services offered by the Issuer.

Education and analytics

One of the priorities of the Issuer is to help its Clients to make thoughtful trading decisions, which lead to better returns to the investors, better Client satisfaction and higher customer retention rate. For this reason it offers numerous educational programmes, designed to teach trading skills and explain the financial opportunities traders have within Forex and other financial markets. Additionally, it publishes educational books and brochures in several languages, which are distributed internationally.

The trader training programme includes both paid and free courses. Training courses are carried out both as classical teaching arrangements and webinars, in the course of which the Issuer introduces its services, teaches how to use the trading platform and, in addition, develops skills for analysing the economic situation and explains trading-related capital and risk management.

The training programme is constantly developed. In 2016, the Issuer organised a series of new training courses. For the first time, an exclusive training course targeted at experienced traders was carried out. This training course is aimed at experienced traders who wish to keep up with today's financial world, build up knowledge and, with the help of practical examples, start trading. In addition, in 2016 the Issuer launched a new training programme "From Zero to Hero", which is primarily targeted at new traders. A free live web training course "Trading in Forex markets and practical training sessions" was also launched. In web sessions, professionals will explain different trading-related topics from basic knowledge to sophisticated trading strategies. In addition, different indicators and analysis methods as well as preparation of a trading strategy are showcased.

Customer Support

The Issuer has defined swift and high-quality customer service as one of its competitive advantages. The Issuer offers customer support via phone and live chat to assist Clients in all technical and organisational matters in the native languages of its target markets. Online phone assistance and support chats are available during business hours. Furthermore, one of the distinctive features of the Issuer and AMG has been physical presence in all their key markets, which allows them to build stronger customer relationship, get to know clients more personally, understand them and their language better and offer better service.

6.6.2. Shared services

The Issuer is part of AMG group companies, operating under the Admiral Markets trademark. In addition to its services to external Clients, the Issuer also operates as a shared service centre within the AMG consolidation group providing services to the investment firms within the Group Companies as its internal Clients, 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;
- Liquidity provision - the issuer is the sole liquidity partner of all AMG group investment companies;
- Marketing;
- 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.

The AMG operations started in Estonia and the Issuer was the first licensed entity within the AMG group. In addition to the Issuer, AM UK, AM Pty Ltd., and AM Cyprus Ltd. are all licenced to act as investment firms. AM UK is holding the majority of the retail clients in the EEA whereas AM Pty Ltd is operating in Australia and in some Asian countries, AM Cyprus Ltd in Cyprus. All necessary knowledge, competence, personnel and other resources have been accumulated to the Issuer. The role is further cemented by regulatory reasons – the licence of the Issuer is more extensive than the one held by AM UK, the AMG company with the largest retail client pool, and other Group Companies providing investment services. For example the licence held by AM UK does not allow AM UK to execute orders related to securities on its own account.

All of the services are provided via the IT platforms used by the Group Companies. Concerning the marketing activities, the Issuer is the developer of the marketing strategy of the Group Companies. Each internal Client may also request the preparation of marketing materials from the Issuer. Each of the Group Companies is responsible for the compliance of the marketing materials prepared for it with the laws of relevant countries and has to give its approval to the marketing materials prepared by the Issuer.

The Issuer is the main liquidity provider for other investment firms among the Group Companies. Together with the provision of liquidity, the Issuer also provides risk management services. Via the IT platform used by the Group Companies, the Issuer manages the risks of other investment firms among the Group Companies on their open positions on a consolidated basis. The person responsible for risk management of the Issuer works closely together with the compliance officers and other employees of other investment firms among Group Companies in providing any necessary information on risk management and in resolving any risk issues.

In 2016, the revenues from provision of services to other Group Companies accounted for 76.0 per cent[15] of the total revenue of as the Issuer. Consequently, the Issuer is inseparable from the rest of AMG and performance of other Group Companies directly influences the Issuer.

6.7. Main markets in which the Issuer operates

6.7.1. Main markets

The Issuer is licensed by the EFSA for investment and brokerage activities in the European Union. Thus, the Issuer is entitled to perform investment and brokerage activities in financial markets, including foreign exchange, shares, futures and CFDs. Consequently, the Issuer is authorized to provide cross border brokerage services in the 28 Member States of the European Union, and in three European Economic Area (EEA) countries: Iceland, Norway and Liechtenstein.

Most of the current business activities in EU are initiated through AM UK. This means that although the Issuer is still a direct service provider to its Clients, all new retail clients from EU and European Economic Area are contracted under AM UK. The latter is authorised by FCA to offer Forex and CFD online trading. AM UK and the Issuer have concluded a service agreement under which the Issuer provides essential services to AM UK. Clients who can be classified as professional investors or eligible counterparties may still be directed to the Issuer instead of AM UK.

The decision for the rearrangement of the provision of services was based on client feedback as the Clients and potential clients had indicated that in the sense of trustworthiness, a licence from the FCA was considered more preferable. The biggest benefit for the sake of the clients is the investor protection scheme that is being provided in the UK (the Financial Services Compensation Scheme) which provides each investor a protection in the amount up to £85,000 (approximately 96,600 EUR[16]) as a compensation to financial loss to clients of the investment firm in a situation of investment firm default and applies to clients of AM UK (see further for more details and conditions: https://www.fscs.org.uk/what-we-cover/products/). As the Issuer is an important service provider to AM UK, the rearrangement has had positive impact to its

[15] 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%

[16] Calculated using European Central Bank's euro foreign exchange reference rate as at 30.06.2017.

business.

The Issuer has undergone a structural change in 2016, whereby the branches of the Issuer in Latvia, Lithuania and Bulgaria have been transferred to AM UK. The Issuer continues to operate through its branches in Romania, Poland and Czech Republic alongside with a representative office in the Russian Federation.

Admiral Markets Pty Ltd is licenced to provide financial services by the Australian Securities and Investments Commission (ASIC) under Australian Financial Services Licence number 410681. Admiral Markets Pty Ltd (ABN 63 151 613 839) holds an Australian Financial Services Licence (AFSL) to carry on financial services business in Australia, limited to the financial services covered by its AFSL no. 410681.

AM Cyprus Ltd. is authorised and regulated by the Cyprus Securities and Exchange Commission, independent public supervisory Authority responsible for the supervision of the investment services market and transactions in transferable securities carried out in the Republic of Cyprus.

6.7.2. Clients

Admiral Markets Group Companies, i.e. AMG and all of its subsidiaries, have total of 24,109 active client accounts[17] from 90 countries all over the world as of 30 June 2017, from which 17,656 client accounts are opened with AM UK. Taking into account the number of active client accounts and based on the location of the holders of the active client accounts, the largest markets are Germany (15%), Poland (8%), Czech Republic (8%), Estonia (7%) and Bulgaria (7%).

6.7.3. The Issuer

The Issuer, Admiral Markets AS has total of 5,154 active client accounts as of 30 June 2017. The main markets are Poland (18%), Estonia (12%), Czech Republic (10%), Latvia (8%) and Russia (7%).

Market trends

The most important 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 a limited number of investors but within the last 10-15 years has become more available and accessible also for retail clients due to introduction of numerous online platforms. The growth has been rapid and has been also accelerated through developments in the IT sector and growing number of investors interested and capable of trading online. Relevant rules and regulations governing the market have been developed almost from scratch during that period

[17] Active client account is an account, which has executed at least one trade in last 12 months.

and competent authorities in different markets are still in search for optimal ways to regulate the industry. This has caused frequent introduction of different new regulatory initiatives.

The Issuer operates in multiple EU and EEA countries by providing investment services (see also section 6.6.2 concerning the location of the Issuer and its branches) and provides services to other Group Companies. Despite increasing level of harmonisation of applicable legislation (at least as far as EU is concerned) significant differences remain between countries. 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 other Group Companies outside of the EU and AM UK in the future but the possible changes in the legislation of the UK after the UK leaves the EU are not yet known.

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 subjected to 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.

6.8. Significant changes and trend information

There has been no significant, material adverse change in the Issuer's financial or trading position since its last published audited financial statements for financial year 2016.

6.9. IP rights

All Group Companies are using the same brand name. The Group Companies also use the figurative trademark *Admiral Markets* (EU trademark, registration number 011680824) as well as similar user interface and domain names for their webpages. Numerous domain names which can be associated with the Issuer have been registered by the Group Companies to prevent the use of the respective domain names for fraudulent or unlawful acts. Not all of these domain names are currently in use. Many of such domain names forward to the main webpage of either the Issuer, AM UK or any other Group Companies as all of the Group Companies operate under the *Admiral Markets* brand name.

The *Admiral Markets* trademark as well as most of the domain names are owned by AMG and subsequently licenced to the Group Companies (including the Issuer) providing investment services under the *Admiral Markets* trademark. This makes the trademark a well-known business name among the target group of the Group Companies. The reputation of the trademark has major direct impact on the financial indicators as well as business success of the Issuer due to the intense connection between the Issuer and all other Group Companies. The fact that the trademark is owned by AMG and not the Issuer itself secures that the use of the trademark which is of general importance to the businesses of all Group Companies is controlled centrally rather than by a single subsidiary of AMG.

The Issuer is the owner of various technical solutions used by the Group Companies including Trader's Room, a unique addition to the trading system the Issuer offers for its Clients, and unique software for organising clients' data. Most technical solutions are used by the Issuer under a respective authorisation (licence) rather than owned by the Issuer itself. Some of the licensed software has been developed for the Issuer by the Issuer together with AMTS Solutions OÜ or AMTS Solutions OÜ itself, and is owned by the Issuer or by the Issuer and AMTS Solutions OÜ jointly. Internal rules have been put to place in respect of use of licensed software by employees. The most important technical solutions used by the Issuer involve MetaTrader software and in terms of security, various anti-malware software as well as DDoS event monitoring and preventing software.

6.10. Significant contracts and material contracts

This section provides an overview of the most important agreements entered into by the Issuer, which may materially affect the business operations of the Issuer. The details of the agreements are provided only to the extent not covered by confidentiality clauses.

The Issuer is not a part of any material agreements outside of its ordinary course of business.

6.10.1. Client agreements

n the course of provision of investment services to the Clients, the Issuer concludes standard client agreements. The respective service terms, rules, and price list (as defined in the terms and conditions of the Issuer) constitute inseparable part of the client agreement and are available on the webpage of the platform (https://admiralmarkets.ee/start-trading/documents). The Issuer has the right to terminate client agreements with a 15-day notice. The Issuer itself, providing investment services only to institutional clients, has (as at 30 June 2017) 5,154 active customer accounts.

6.10.2. Intragroup agreements

The Issuer has concluded a service agreement with all of the other Group Companies authorised to provide investment services. The service agreements are concluded for the provision of the investment services or any ancillary services by the Issuer to these Group Companies.

An outsourcing agreement and a service agreement have been concluded between the Issuer and AM UK whereby AM UK itself or through its branches undertakes to provide to the Issuer client support services and assistance in the local level when communicating with the regulators in countries where AM UK has physical presence. The services provided by the Issuer are as follows: financial services (including recording and reconciliation of AM UK client account in the MetaTrader system, maintenance of nominal ledger of AM UK, executing withdrawal payments to clients, etc), liquidity provision and risk management, IT services (management and monitoring of security system, maintenance of software licences, preparation of reports for certain reporting obligations of AM UK, maintenance of UK websites and corporate e-mails, etc), carrying out anti-money laundering procedures, providing client service desk, and provision of marketing services. The same services are provided to other Group Companies under similar agreements.

The Issuer has concluded white label and support services agreements with AM Cyprus Ltd., AM Pty Ltd., and AM UK. These agreements are concluded between the Issuer and the Group Companies whereas the Issuer provides online trading facilities and related services to the Group Companies. The white label agreements authorise the Group Companies to use the MetaTrader 4 and MetaTrader 5 trading platform software for which the Issuer has licensing rights and the platform owned by the Issuer. With the white label agreement, each of these Group Companies is granted a right to use the platform to provide services to their own clients. The Issuer is obliged to provide support services to these Group Companies, maintain the performance of the platform, and maintain organisational and technical measures to prevent data loss.

The intragroup agreements have been concluded for an undefined period of time and in market terms. The services provided to the Group Companies by the Issuer (and vice versa) are activities vital to the provision of investment services by each Group Company over which each respective Group Companies must have full control. Therefore, it is required by all national financial supervisors in the named countries to have qualified outsourcing contracts between the parties and regular supervision set in place. The Issuer is obliged to submit daily reports to the counterparties of the intragroup agreements to affirm rightful conduct of the activities outsourced by other Group Companies to the Issuer. For example, AM UK is obliged to comply with the requirements set forth by FCA, the national competent authority of UK, regarding the scope of any outsourcing of activities. Any outsourcing may only be done under strict supervision of the Issuer itself which means that the Issuer must submit regular reports to AM UK concerning the client funds, transactions made and other information related to the services provided by the Issuer to AM UK.

6.10.3. Introducing broker (IB) agreements

The introducing broker agreements (or "introducer agreements") are agreements concluded by the Issuer with third parties offering customer introduction services under which the tasks of these introducers are limited to merely introducing potential clients to the Issuer so that the Issuer can provide investment services to those clients. The agreements are concluded between the Issuer and natural/legal persons (introducers) whereby the introducers undertake to introduce new customers to the Issuer or the Group Companies in the territory designated in the agreement using the marketing materials provided by the Issuer for remuneration on the terms and conditions specified in the IB agreement. This service provided by the introducers may also be called "web referral" or "referral marketing".

These introducers are not introducing brokers under MiFID II meaning that they do not provide investment services, they do not receive or transmit any orders and thus they do not require any authorisation. The IB agreements are not IB agreements in the scope of MiFID II regime nor brokerage agreements under the Estonian Securities Market Act. The nature of the activities of the introducers, in general, was to reach EU and EEA English and Russian speaking residents via blog postings in the websites of the introducers by introducing the educational programs of the Issuer and services the Issuer offers within the target markets of the Issuer. The Issuer has not used the introducers for carrying out any activities in the name of the Issuer which could only be carried out by a company holding a licence to provide investment services, the involvement of the introducers has only been aimed at raising awareness of the existence of the Issuer (and other Group Companies). The introducers have been instructed by the Issuer to target potential clients in regions where the Issuer is authorised to provide investment services, either in Estonia or in countries where the Issuer provides services on cross-border basis. Any information on the services provided by the Issuer is limited with the information indicated by the Issuer (i.e. marketing materials, webpage of the Issuer) and the conclusion of a client agreement is strictly carried out by the Issuer on the website of the Issuer (or any other Group Company).

One of the important reasons for having a wide range of introducers for the Group Companies, including the Issuer, is to have an overview and awareness of the market situation of different potential markets. Most of the introducers the Issuer has been working with work for different brokers simultaneously, the information provided by them about other investment firms and the industry in general has been useful for the Issuer and as information about the Issuer is included in their materials, it brings the Issuer closer to its potential clients.

Since 2009 the Issuer has concluded 85 introducing broker agreements mainly with persons from various EU member states. From outside EU, such agreements have been concluded with persons from Moldova, Georgia, Russia, and Ukraine. As of 2015, no new agreements have been concluded. The Issuer has currently an active relationship with introducing brokers, who are providing services to the Issuer in connection with institutional clients. The number of introducing brokers who have introduced institutional clients to the Issuer within the past 12 months at the time of conclusion of this Prospectus is 3.

The activities of the introducers, whose agreements are still active, are aimed at promoting brand awareness regarding the Group Companies. These service providers are English and Russian speaking persons whose main task is to provide information about the services the Issuer and other Group Companies offer for the potential institutional clients within the target markets of these Group Companies.

After the Issuer disclosed its plan to the public to suspend onboarding of new retail clients, the need for these introductory service providers decreased and the focus of the introducers and the Issuer was to create a cooperation between the introducers and other Group Companies. However, only a few IB agreements have been officially terminated, most of these agreements have been marked as inactive by the Issuer due to the fact that Clients who are known to have found the services of the Issuer via an IB are no longer active users of the services of the Issuer. All Group Companies are in the process of reviewing their introducers' agreements with the aim to harmonize the terms and conditions of external services necessary for the Group Companies.

6.10.4. Service agreements

The Issuer has three major service agreements with third party service providers used in conducting its own business activities:

(a) Institutional trading agreement with SAXO BANK A/S. Saxo Bank A/S is an investment bank incorporated in Denmark, holding a licence from (licence no 1149) and supervised by the Danish supervisory authority. Saxo Bank A/S has specialised in online trading and investment. The institutional trading agreement provides the Issuer access to engage in on-line investment and trading facilities via the Saxo Bank trading platform. The Issuer has an active contract with SAXO BANK A/S but due to the current business strategy of the Group Companies, the services of SAXO BANK A/S have not been needed for the past 3 years.

(b) FIX API agreement with IG Markets Limited. IG Markets Limited is UK based company providing trading in financial derivatives such as contracts for difference (CFD-s). It is authorised and supervised by the Financial Conduct Authority of UK and is one of the biggest forex providers in UK. Financial information exchange application programming interface (FIX API) agreement entitles the Issuer to receive trading data and trade using API connection. The Issuer uses the services of IG Markets Limited for pricing and liquidity. Under the agreement, IG Markets Limited provides the Issuer information concerning forex, CFDs and shares and grants the Issuer access to its platform, allowing the Issuer to make transactions.

(c) Licencing agreement with MetaQuotes Software Corp. MetaQuotes Software Corp. is a financial trading software developer mainly known for its trading platform Metatrader. The agreement grants the Issuer a licence and non-exclusive property rights for the use of a trading software package (MetaTrader 4, MetaTrader 5).

6.11. Encumbrances and limitations of operations

There are no known encumbrances or limitations which have affected or may affect operations of the Issuer. The Issuer has concluded loan agreements with other Group Companies whereas the Issuer itself is the lender. The Issuer has not provided any guarantee or securities to the Group Companies or any third persons as a collateral for any debt obligation.

The operations of the Issuer are linked to the prosperity of the other Group Companies. In relation to the provision of investment services to internal and external Clients, the Issuer is dependent on the validity of its activity licence. In relation to the provision of other outsourced services to the other Group Companies holding licences to provide investment services, the Issuer is dependent on the validity of the activity licences of such other Group Companies.

6.12. Legal and arbitration proceedings

The Issuer has at the time of approval of the Prospectus one legal proceeding in which the Issuer is involved as a plaintiff against a former service provider with claim of less than EUR 300,000 in principal amount. The litigation is at the time of signing of this Prospectus ongoing. To the

Issuer's understanding, other recently terminated or ongoing legal proceedings do not possess any importance that may have significant effects on the financial position or profitability of the Issuer.

The Issuer intends to initiate legal proceedings and, if possible, bankruptcy proceedings to hinder the liquidation of EXP Capital Ltd, a former Equal Counterparty to the Issuer who suffered extensive loss during early 2015 Swiss franc price fluctuation. This resulted in a debt before the Issuer in the amount of EUR 5,500,000. The respective receivable has been fully impaired in the books of the Issuer, i.e. failure to recover the amount during this process will not have negative financial effect on the financial position of the Issuer.

The Issuer does not have any knowledge of any possible governmental, legal, or arbitration proceedings to be initiated by any of the Clients of the Issuer, and no such claims have been submitted against the Issuer which could have significant effect on the financial position of profitability of the Issuer (see also section 6.16 concerning SREP).

6.13. Substantial investments

The Issuer's business operations are not capital intensive as they do not require significant investments in non-current assets. During the last two financial years (2016 and 2015) the Issuer invested respectively 146,378 and 289,682 EUR to tangible and intangible non-current assets. During the first 6 months of the financial year 2017 (until 30.06.2017) the Issuer has invested 100,467 EUR to non-current assets. Major part of the capital expenditure includes investments to IT systems (software and hardware) of the Issuer. The capital expenditure is expected to stay in the same range over the next few years, though no firm commitments have been made. The investments are to be financed with internal funds of the Issuer.

6.14. Other securities issued by the Issuer

The Issuer has not issued any other securities at the time of approval of the Prospectus.

6.15. Management institutions of the Issuer

6.15.1. General Provisions

The most important Management institutions of the Issuer include:

(a) Shareholder Meeting;

(b) Management Board;

(c) Supervisory Board;

(d) Committees of the Issuer (Credit committee, Remuneration committee, Risk and audit committee, Nomination committee).

The Issuer has implemented the Estonian Corporate Governance Code (in Estonian: *Hea Ühingujuhtimise Tava*) from 8th May 2017.

Management Board and Supervisory Board of the Issuer are located in Tallinn, Estonia. The members of the Committees of the Issuer are the members of the Supervisory and/or Management Board of the Issuer.

6.15.2. Shareholder Meeting

The most important governing body of the Issuer is its Shareholder Meeting in accordance with the Articles of Association of the Issuer and Commercial Code of the Republic of Estonia.

6.15.3. Supervisory Board

The functions of the Supervisory Board are stated in the Articles of Association of the Issuer and in the Commercial Law of the Republic of Estonia. Business address of the Supervisory Board is legal address of the Issuer.

The Supervisory Board has 4 members and it coordinates the management of the Issuer, appoints and supervises the activities of the Management Board. The Supervisory Board is responsible for the approval of the strategy of the Issuer, general action plan of the Issuer, principles of the risk management system and annual budget. The Supervisory Board forms the following committees: Credit Committee, Remuneration Committee, Risk Management and Auditing Committee, Nominations committee.

The composition of the Supervisory Board:

Position	Name, Surname	Activities outside the Issuer's company
Chairman of the Supervisory Board	Alexander Tsikhilov	Besides holding the position of the main beneficiary of the Issuer, Alexander Tsikhilov is one of the founders of AMG, a sole shareholder and member of management board of a private limited company Montes Auri OÜ (registration number 11740674, a holding company) and sole shareholder of a private limited company Danfare OÜ (registration number 12988028, specialises in catering services). He is a member of the management board of BCNEX OÜ. Together with Dmitri Lauš, he is the beneficial owner and a member of the management board of AdmiralCrypto Investments OÜ (registration code 14297769). The company does not belong to AMG.
Member of the Supervisory Board	Anton Tikhomirov	Mr. Tikhomirov is not a member of management board or an owner of any shareholdings in any other company except for AMG and the Issuer. He is a member of the supervisory board and a shareholder of AMG.
Member of the Supervisory Board	Aleksandr Ljubovski	Mr. Ljubovski is not a member of management board or an owner of any shareholdings in any other company.
Member of the Supervisory Board	Anatolii Mikhalchenko	Mr. Mikhalchenko is not a member of management board or an owner of any shareholdings in any other company except for AMG and the Issuer. He is the chairman of the supervisory board and a shareholder of AMG.

The general obligations of the Supervisory Board are as follows:

(a) planning of the business activities of the Issuer together with the Management Board;

(b) organising the management of the Issuer (participating in making substantial decisions regarding the Issuer);

(c) supervising the actions of the Management Board members with a range and scope set forth with the Estonian legal acts (regularly evaluating the compliance of the activities of the members of the Management Board in the light of the business strategy, finances, risk management system of the Issuer; evaluating the legitimacy activities of the Management Board members; evaluating the compliance of the Issuer with the disclosure requirements deriving from the law);

(d) reviewing and determining of the business strategy, the general action plan, the risk management policy and the annual estimated budget of the Issuer;

(e) fulfilling any other tasks that have been assigned to a supervisory board of a company with the applicable laws such as Commercial Law of Estonia, the Estonian Securities Market Act, the Estonian Credit Institutions Act and the Estonian Financial Crisis Prevention and Resolution Act.

The main areas of responsibility of **Alexander Tsikhilov** as the Chairman of the Supervisory Board are supervision over the fulfilment of the business strategy of the Issuer and product development. The Chairman of the Supervisory Board organises monthly meetings with the Chairman of the Management Board to discuss topics such as business strategy, business activities and risk management. During the monthly meetings, the task of the Chairman of the Supervisory Board is to be aware of any important events or incidents which could have a negative impact on the Issuer. The Information is then communicated to the Supervisory Board which will then take necessary actions.

The area of responsibility of **Anatoly Mikhalchenko** is the financing of operations. Mr. Mikhaelchenko responsible for the fulfilment of the obligations of the internal audit concerning the financial matters. Mr. Mikhalchenko is responsible for the functioning of the managerial accounting system and supervises and inspects the budget of the Issuer. Mr. Mikhalchenko is a member of the various commitees of the Issuer (see below).

The main area of responsibility of **Anton Tikhomirov** is the proper functioning of the client involvement and client servicing processes. Mr. Tikhomirov is a member of various committees of the Issuer (see below).

Aleksandr Ljubovski is responsible for the proper fulfilment of the compliance (including the proper execution of anti-money laundering operations) and risk management functions of the Issuer. Mr. Ljubovski responsible for the fulfilment of the obligations of the internal audit, excluding the financial matters which are organised.

6.15.4. Management Board

The functions of the Management Board are stated in the Articles of Association of the Issuer and in the Commercial Code of the Republic of Estonia. The location of the Management Board is the legal address of the Issuer.

The Management Board has 3 members, each of which has individual areas of responsibilities. The main obligations of the Management Board are making daily management decisions in the interests of the Issuer, ensuring sustainable development of the organisation pursuant to targets and strategy put in place.

The composition of the Management Board:

Position	Name, Surname	Activities outside the Issuer's company
Chairman of the Management Board	Sergei Bogatenkov	Mr. Bogatenkov has an ownership in two private limited companies - VS Partners OÜ (registration number 12180415) which is active in the wholesale sector, and Forbro Team OÜ (registration number 12443056) which is a mobile apps and software developer. He is a member of management board of AMG, Truething OÜ (a subsidiary of Forbro Team OÜ), and a non-profit organisation Akte MTÜ.
Member of the Management Board	Dmitry Kuravkin	Mr. Kuravkin is not a member of management board or an owner of any shareholdings in any other company.
Member of the Management Board	Dmitri Lauš	Mr. Lauš is a sole owner of a business and management consulting company Laush OÜ (registration number 11283834) and a member of the management board of FinanceEstonia, a public-private financial sector cluster organisation with the aim of supporting the Estonian economy through providing support and a body for joint initiatives to the market participants of the Estonian financial sector. He is a beneficial owner and a member of the management board of Dear Innovations OÜ (registration code 14221555). Together with Alexander Tsikhilov, he is the beneficial owner and a member of the management board of AdmiralCrypto Investments OÜ (registration code 14297769). The company does not belong to AMG. He has connections with numerous companies the activities of which are connected to the Issuer. Mr. Lauš acts as a member of the management board of Group Companies such as AMTS Solutions OÜ and BCNEX OÜ. Lauš is the founder and a member of the management board of non-profit organisations Admiral Invest Klubi MTÜ (registration number 80238135) and Digitaalklubi FX MTÜ (registration number 80277218) the activities of which were aimed to improve the level of knowledge of traders of derivatives created or traded during provision of investment services by the Issuer.

The main areas of responsibility of Sergei Bogatenkov are as follows:

(a) management of finances,

(b) management of record-keeping of finances and accounting,

(c) leading the execution of investments,

(d) risk management and development thereof;

The main areas of responsibilities of Dmitry Kuravkin are as follows:

(a) management of internal control system (compliance);

The main areas of responsibilities of Dmitri Lauš are as follows:

(a) development of IT-solutions,

(b) coordination of marketing activities;

Members of the Management Board and the Supervisory Board and other key employees of the Issuer are not engaged in significant activities beyond the Group Companies which could be essential with regard to the Issuer. Such persons have no conflict of interest between their private interests and their duties performed on behalf of the Issuer.

6.15.5. Credit Committee

Credit committee develops and suggests suitable credit limits for the Clients. Credit Committee evaluates the implementation of credit limits at least once a year or more often if the applicable acts change. Credit committee includes 2-5 members. Currently the members of the credit Committee are Anatolii Mikhalchenko, Anton Tikhomirov and Sergei Bogatenkov.

6.15.6. Remuneration Committee

The function of Remuneration Committee is to evaluate the implementation of remuneration policy in the Group Companies. Remuneration Committee evaluates the implementation of remuneration policy at least once a year. If necessary, the committee will present a proposal for updating the remuneration policy along with a respective decision project. Remuneration committee includes 2-5 members. Members of the Remuneration Committee are Anatolii Mikhalchenko and Anton Tikhomirov.

6.15.7. Risk and Audit Committee

Risk and Audit Committee has the following role:

(a) to evaluate the implementation of risk management policies in the Issuer and the Group Companies in accordance with the internal risk management guidelines and applicable acts;

(b) to ensure the fulfilment of Business Continuity Plan during unexpected events, and develop more detailed action plan if necessary in order to avoid or to reduce negative impact on Admiral Markets AS;

(c) to advise the Supervisory Board on accounting, budgeting, audit and internal control areas, as well as on compliance issues;

(d) to analyse treatment of financial information in extent which is necessary for the compilation of annual and interim reports, efficiency of risk management and internal control, audit process, independence of certified auditor and compliance to the requirements of auditor's activities act;

(e) to suggest appointing or recalling of auditing firm and internal auditor;

(f) to advise the Supervisory Board on measures which can be used in order to avoid problems and inefficiencies in the organization.

Risk and audit committee includes 2-5 members. Members of the Risk and Audit Committee are Anatolii Mikhalchenko and Anton Tikhomirov.

6.15.8. Nomination Committee

The objective of the Nomination Committee is to propose candidates to managerial positions in the Issuer and other Group Companies. Nomination committee finds suitable candidates, evaluates their background, compliance to the requirements stipulated in Admiral Markets AS internal procedures and respective legal acts. Members of the Nomination Committee are Anatolii Mikhalchenko and Anton Tikhomirov.

6.16. Share capital of the Issuer

As at the date of this Prospectus, the subscribed capital of the Issuer is EUR 2,585,600 and the paid capital of the Issuer is EUR 2,585,600.

The share capital consists of ordinary registered shares in the amount of 404,000 with a nominal value of EUR 6.4 each. All the shares are of one category with equal voting rights and rights to receive dividends. The shares are registered in the Estonian Central Register of Securities (ISIN code EE3100074568).

In addition to the share capital, the Issuer is deemed to hold higher level of own funds due to requirements provided for in the Capital Requirements Regulation (EU) No. 575/2013 also applicable to the Issuer as a licensed investment firm. The rules for capital measurement have been set forth to decrease the likelihood of the subjects of the regulation (including investment firms) to go insolvent. Thus, the Issuer has to be well capitalised to fulfil all requirements deriving from EU and local requirements. The necessary size of the capital buffer is calculated on the basis of the risk exposure of the Issuer.

The Issuer is a subject of Supervisory Review and Evaluation Process ("SREP") under which annual assessments are conducted by the EFSA concerning the Issuer's risks to capital, liquidity, and funding as well as the business plan, governance, and risk management in general. The SREP decision is concluded on a consolidated basis to all investment firms among the Group Companies. The methodology for conducting the assessment is provided by the European Central Bank to all of the local supervisory authorities. The goal of the SREP is to maintain a sustainable and sound financial system of the European Union. As a conclusion of the SREP, each year the EFSA prepares a SREP decision to the Issuer, providing specific measures the Issuer needs to implement in the following year. It is common that the supervisory authority will require the subject of the SREP to hold more capital than required under the Capital Requirements Regulation as an additional safety net. It is possible for the supervisory authority to require more drastic changes – the most extreme case would be a requirement to change its management or, for example, to adapt its business strategy.

Currently, based on the most recent SREP dated 13 March 2017, the Issuer has been requested by the EFSA to maintain a higher capital buffer than required in the Capital Requirements Regulation (i.e. additional EUR 3.36 million) to cover possible client claims against the Issuer. The Issuer has fulfilled the request of the EFSA and keeps the capital buffer in the required amount. These possible claims would have arisen from procedural errors in the best execution rules of the Issuer within a longer period of time capable of causing damage or that caused damage to the client. This problem was discovered in 2012 and the best execution rules were amended as soon as the problem was discovered. The time to submit any contractual claims has under the applicable law already passed (these claims would have expired in 2015 the latest) and will pass within 3 years of becoming aware of such claims (if such claims ought to be regarded as non-contractual claims). Therefore, the EFSA has demanded that the higher capital buffer is to be kept. Also, there have been no Client claims against the Issuer which would fall under the scope covered by the SREP assessment (i.e. claims arising from the operational deficiencies when performing client orders) and the Issuer is not aware of any clients intending to issue such claims.

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 requirement 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. Any losses bared by the Issuer which bring about a breach of the capital requirements, may establish basis for recovery and resolution proceedings.

The sole shareholder of the Issuer is AMG. Alexander Tsikhilov as the majority shareholder of the AMG and the head of the Supervisory Board of the Issuer, exercises control over the Issuer. The shares are free of any encumbrances at the moment of the Issue.

There are no options or put rights granted in respect of the shares of the Issuer. There are no bonds issued by the Issuer prior to the Bonds issued or to be issued in accordance with this Prospectus. Shares of the Issuer are not publicly traded.

6.17. Shareholder structure

Shareholders holding the Issuer's shares:

Company name/Name, Surname	Registration number	Percentage of shares	Number of shares
Admiral Markets Group AS	Registration number 11838516 Legal address Ahtri 6a, 10151 Tallinn, Estonia	100 per cent	404,000

The beneficial owners of the Issuer are Mr. Dmitri Lauš with a shareholding of 17.85 per cent of the AMG and Mr. Alexander Tsikhilov with a shareholding of 76.38 per cent of the AMG. The beneficiaries of the AMG are also members of the managing bodies of the Issuer (see Section 7.15).

The current shareholders of AMG, Alexander Tsikhilov and Dmitri Lauš, have indicated their wish to transfer their shares in AMG to legal persons which are in the sole ownership of the respective current shareholders, thus leaving the same persons as the beneficial owners of the respective shares. The transfer of the shares of the beneficial owner having a qualifying holding of the Issuer is subject of EFSA or relevant authorities' approval. The transfer of the shares will be finalised in January 2017, unless the proceedings with the EFSA or any other relevant authority take more time than expected.

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 transfer of the shares depends on the approval of EFSA and other relevant authorities. The EFSA has to give its approval to the transaction. The shares are to be transferred after an approval has been granted by the EFSA. In any event a shareholder of the Issuer wishes to transfer its shares, it is obliged to inform the EFSA and other relevant authorities of respective 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. The shares may not be transferred unless a respective consent has been given. This also applies to the current case, although the beneficial owners of the Issuer will remain the same.

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.

7. Selected financial information

The full year financial information included in the present section of the Prospectus is extracted from the annual reports of 2015 and 2016 of the Issuer prepared in accordance with the international financial reporting standards (IFRS), as adopted by the European Union, and have been audited by the sworn auditor. The interim financial statements, presented as of 30.06.2016 and 30.06.2017, have been prepared in accordance with IFRS, but are unaudited.

Full version of the audited financial statements for the financial year 2016 is available in the Annex A of the present Prospectus. The audited financial statements for the financial year 2015 are incorporated to this Prospectus by reference and are available at the webpage http://admiralmarketsgroup.com/admiral-markets-as/ reports/. For the avoidance of doubt, the referred annual report is considered a part of this Prospectus.

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 an Equal Counterparty (ServiceCom Ltd., registration code: 130.956, registered office: Suite 5, Garden City Plaza, Mountainview Boulevard, City of Belmopan, Belize) 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 that the claim was at least partially recoverable. The notion was based on an open and constructive communication with the debtor and its assurance to settle the debt. However, the auditor found the evidence insufficient and issued qualified opinion on the annual report for the financial year 2015. A year later, during the next annual audit process, the management agreed 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.

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 order of some income and expense items was changed in the income statement and the items were regrouped to improve the readability of the report. 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. Full overview of the impact of corrections is presented in section 7.10 of the Prospectus.

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 most accurate representation of the Issuer's financial standing as of 30.06.2016.

7.1. Key financial data

	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	13,322,483	11,772,200	24,852,520	20,571,885	15,485,545
Net income from trading	9,003,034	8,948,601	17,952,840	16,485,220	13,196,643
Profit (loss) before income tax	2,517,217	2,623,908	6,018,149	-2,500,004	2,231,871
Profit (loss) for the accounting period	**2,185,967**	**2,580,464**	**5,887,801**	**-2,516,772**	**2,218,908**
Cash and equivalents	19,080,477	15,323,175	18,018,135	15,585,116	17,798,370
Financial assets at fair value through profit and loss	939,408	1,848,085	2,421,927	97,516	236,165
Short term loans, receivables and prepayments	4,186,551	3,642,877	2,822,597	3,650,936	2,521,775
Total current assets	**24,206,436**	**20,814,137**	**23,262,659**	**19,333,568**	**20,556,310**
Total non-current assets	**839,071**	**996,521**	**860,166**	**1,080,803**	**1,333,068**
TOTAL ASSETS	**25,045,507**	**21,810,658**	**24,122,825**	**20,414,371**	**21,889,378**
Total liabilities	**1,432,809**	**2,066,264**	**1,371,094**	**3,090,441**	**2,048,676**
Total owners' equity	**23,612,698**	**19,744,394**	**22,751,731**	**17,323,930**	**19,840,702**
TOTAL LIABILITIES AND OWNERS' EQUITY	**25,045,507**	**21,810,658**	**24,122,825**	**20,414,371**	**21,889,378**
Cash flow from operating activities	2,271,314	447,218	4,523,813	501,595	-2,353,083
Cash flow from investing activities	-79,391	-457,869	-1,445,753	-252,549	-274,794
Cash flow from financing activities	-1,325,000	-160,000	-460,000	-7,579	-1,171
Total cash flows	**866,923**	**-170,651**	**2,618,060**	**241,467**	**-2,629,048**
Total Tier 1 own funds	21,287,596	19,474,756	15,410,392	16,023,034	19,694,334
Total own funds	21,287,596	19,474,756	15,410,392	16,023,034	19,694,334
Capital adequacy	22.9%	29.7%	19.0%	21.1%	21.6%

7.2. Balance sheet

EUR	30.06.2017	30.06.2016	31.12.2016	31.12.2015	31.12.2014
Cash and equivalents	19,080,477	15,323,175	18,018,135	15,585,116	17,798,370
Financial assets at fair value through profit or loss	939,408	1,848,085	2,421,927	97,516	236,165
Short term loans, receivables and prepayments	4,186,551	3,642,877	2,822,597	3,650,936	2,521,775
Total current assets	**24,206,436**	**20,814,137**	**23,262,659**	**19,333,568**	**20,556,310**
Non-current assets					
Long-term loans	486,678	484,919	492,560	485,638	723,562
Tangible assets	213,258	322,428	239,069	378,678	463,138
Intangible assets	139,135	189,174	128,537	216,487	146,368
Total non-current assets	**839,071**	**996,521**	**860,166**	**1,080,803**	**1,333,068**
TOTAL ASSETS	**25,045,507**	**21,810,658**	**24,122,825**	**20,414,371**	**21,889,378**
Liabilities					
Current liabilities					
Financial liabilities at fair value through profit or loss	141,754	118,780	51,782	122,186	247,587
Payables and prepayments	1,047,055	1,184,613	1,075,312	2,741,315	1,345,096
Provisions	244,000	762,871	244,000	226,940	455,993
Total current liabilities	**1,432,809**	**2,066,264**	**1,371,094**	**3,090,441**	**2,048,676**
Total liabilities	**1,432,809**	**2,066,264**	**1,371,094**	**3,090,441**	**2,048,676**
Share capital	2,585,600	2,585,600	2,585,600	2,585,600	2,585,600
Statutory reserve capital	258,550	258,550	258,550	258,550	258,550
Retained earnings	20,768,548	16,900,244	19,907,581	14,479,780	16,996,552
Total owners' equity	**23,612,698**	**19,744,394**	**22,751,731**	**17,323,930**	**19,840,702**
TOTAL LIABILITIES AND OWNERS` EQUITY	**25,045,507**	**21,810,658**	**24,122,825**	**20,414,371**	**21,889,378**

7.3. The profit and loss statements

EUR	H1-2017	H1-2016	2016	2015	2014
Net profit from trading of financial assets at fair value through profit or loss with clients and liquidity providers	13,322,483	11,772,200	24,852,520	20,571,885	15,485,545
Commission fee income	42,244	226,692	653,267	473,931	23,558
Commissions and brokerage fee expense	-4,333,766	-2,917,351	-7,325,048	-3,775,773	-1,618,913
Other trading activity related expenses	-27,927	-132,940	-227,899	-784,823	-693,547
Net income from trading	**9,003,034**	**8,948,601**	**17,952,840**	**16,485,220**	**13,196,643**
Other income	196,532	54,917	163,433	247,067	159,758
Interest income (loss)	19,744	-8,942	70,567	37,820	36,913
Gains (losses) from foreign exchange rate changes	-483,849	-179,266	391,350	333,540	176,988
Other financial income and expenses	0	0	-16,675	-206,243	0
Personnel expenses	-2,589,141	-2,332,956	-4,483,878	-2,985,866	-2,880,766
Operating expenses	-3,522,263	-3,703,742	-7,751,332	-16,131,025	-8,195,031
Depreciation of fixed assets	-106,840	-154,704	-308,156	-280,517	-262,634
Profit (loss) before income tax	**2,517,217**	**2,623,908**	**6,018,149**	**-2,500,004**	**2,231,871**
Income tax	-331,250	-43,444	-130,348	-16,768	-12,963
Profit (loss) for the accounting period	**2,185,967**	**2,580,464**	**5,887,801**	**-2,516,772**	**2,218,908**

Change in commission fee income. In comparison between the H1-2016 and H1-2017 financial statements, there is a notable change in commission fee income. The reason for the decrease in the numbers is the change in the business strategy made during 2016 which resulted in closure some branches of the Issuer were and opening of branches in these respective countries by AM UK, both changes reducing the number of the customer served directly by the Issuer.

For better comparability, the profit and loss statement for 2014 has been presented in this Prospectus in the format adopted with the 2016 annual report. All amounts presented in this Prospectus for 2014 are reconcilable to the profit and loss statement and respective notes of the 2014 annual report.

7.4. The statements of cash flows

EUR	H1-2017	H1-2016	2016	2015	2014
Profit for the accounting period	**2,185,967**	**2,580,464**	**5,887,801**	**-2,516,772**	**2,218,908**
Adjustments for					
depreciation of fixed assets	106,840	154,704	308,156	280,517	262,634
gains on the sale of property, plant and equipment	-37,083	0	-11,191	-24,995	-2,250
changes in provisions	0	54,819	17,060	25,000	-2,212,407
net interest income	-19,744	8,942	-70,567	-37,720	-36,913
allowance for doubtful accounts receivables	22,332	0	421,157	10,093,780	0
other adjustments	0	0	39,620	93	12,963
Adjusted operating profit	**2,258,312**	**2,798,929**	**6,592,036**	**7,819,903**	**242,935**
Change in receivables and prepayments relating to operating activities	455,697	-1,288,893	-476,994	-10,870,330	-1,009,453
Change in restricted cash balance	-173,160	43,601	178,370	2,460,256	-2,550,777
Change in assets relating to operating activities	0	0	0	0	1,901
Change in payables and prepayments relating to operating activities	61,715	-1,078,996	-1,687,669	1,097,974	967,386
Interest received	0	12,577	40,438	4,593	6,675
Interest paid	0	0	0	-100	-258
Corporate income tax paid	-331,250	-40,000	-122,368	-10,701	-11,492
Net cash from operating activities	**2,271,314**	**447,218**	**4,523,813**	**501,595**	**-2,353,083**
Disposal of tangible and intangible assets	21,076	0	37,353	48,500	5,058

EUR	H1-2017	H1-2016	2016	2015	2014
Purchase of tangible and intangible assets	-100,467	-71,141	-146,378	-289,682	-290,496
Loans granted	0	-445,000	-1,450,000	-1,572,099	0
Repayment of loans granted	0	58,272	113,272	1,560,732	10,644
Net cash used in investing activities	**-79,391**	**-457,869**	**-1,445,753**	**-252,549**	**-274,794**
Dividends paid	-1,325,000	-160,000	-460,000	0	0
Finance lease payments	0	0	0	-7,579	-1,171
Net cash used in financing activities	**-1,325,000**	**-160,000**	**-460,000**	**-7,579**	**-1,171**
TOTAL CASH FLOWS	**866,923**	**-170,651**	**2,618,060**	**241,467**	**-2,629,048**
Cash and cash equivalents at the beginning of the period	**17,776,764**	**15,165,375**	**15,165,375**	**14,918,373**	**17,568,591**
Change in cash and equivalents	866,923	-170,651	2,618,060	241,467	-2,629,048
Effect of exchange rate changes	22,259	-47,689	-6,671	5,535	-21,170
Cash and cash equivalents at the end of the period[18]	**18,665,946**	**14,947,035**	**17,776,764**	**15,165,375**	**14,918,373**

[18]Except restricted cash – 414,531 EUR as of 30.06.2017, 241,371 EUR as of 31.12.2016, 376,140 EUR as of 30.06.2016, 419,741 EUR as of 31.12.2015 and 2,879,997 EUR as of 31.12.2014

7.5. The statement of the Issuer's equity

EUR	Share capital	Statutory reserve capital	Retained earnings	Total
Balance as at 01.01.2014	**2,585,600**	**258,550**	**14,777,644**	**17,621,794**
Profit for the accounting period	0	0	2,218,908	2,218,908
Other comprehensive income for the accounting period	0	0	0	0
Total comprehensive loss for the accounting period	**0**	**0**	**2,218,908**	**2,218,908**
Balance as at 01.01.2015	**2,585,600**	**258,550**	**16,996,552**	**19,840,702**
Loss for the accounting period	0	0	-2,516,772	-2,516,772
Other comprehensive income for the accounting period	0	0	0	0
Total comprehensive loss for the accounting period	**0**	**0**	**-2,516,772**	**-2,516,772**
Balance as at 31.12.2015	**2,585,600**	**258,550**	**14,479,780**	**17,323,930**
Dividends paid	0	0	-460,000	-460,000
Profit for the accounting period	0	0	5,887,801	5,887,801
Other comprehensive income for the accounting period	0	0	0	0
Total comprehensive income for the accounting period	**0**	**0**	**5,887,801**	**5,887,801**
Balance as at 31.12.2016	**2,585,600**	**258,550**	**19,907,581**	**22,751,731**
Dividends paid	0	0	-1,325,000	-1,325,000
Profit for the accounting period	0	0	2,185,967	2,185,967
Other comprehensive income for the accounting period	0	0	0	0
Total comprehensive income for the accounting period	**0**	**0**	**2,185,967**	**2,185,967**
Balance as at 30.06.2017	**2,585,600**	**258,550**	**20,768,548**	**23,612,698**

7.6. Own funds

EUR	30.06.2017	30.06.2016	31.12.2016	31.12.2015	31.12.2014
Paid-in share capital	2,585,600	2,585,600	2,585,600	2,585,600	2,585,600
Statutory reserves transferred from net profit	258,550	258,550	258,550	258,550	258,550
Retained earnings	18,582,581	16,819,780	12,694,780	13,395,371	16,996,552
Intangible assets	-139,135	-189,174	-128,538	-216,487	-146,368
Total Tier 1 own funds	**21,287,596**	**19,474,756**	**15,410,392**	**16,023,034**	**19,694,334**
Total own funds	**21,287,596**	**19,474,756**	**15,410,392**	**16,023,034**	**19,694,334**

Own funds of 31.12.2016 and 31.12.2015 have been adjusted by dividends paid to shareholders in 2017 and 2016 respectively (EUR 1,325,000 and EUR 460,000).

7.7. Capital adequacy

EUR	30.06.2017	30.06.2016	31.12.2016	31.12.2015	31.12.2014
Credit institutions and investment firms under standard method	5,061,195	4,960,564	4,852,019	4,924,397	236,165
Retail claims under standard method	4,253,751	0	3,419,414	0	0
Other assets under standard method	4,895,009	4,517,196	3,513,367	7,956,433	3,708,475
Total credit risk and counterparty credit risk	**14,209,955**	**9,477,760**	**11,784,800**	**12,880,830**	**3,944,640**
Foreign currency risk under standard method	38,142,198	18,176,345	24,377,500	30,036,119	61,544,729
Equity position risk under standard method	5,648,904	7,997,286	10,473,073	3,532,947	0
Commodity risk under standard method	4,434,105	2,235,412	3,810,895	1,863,177	0
Total market risk	**48,225,207**	**28,409,043**	**38,661,468**	**35,432,243**	**61,544,729**
Credit valuation adjustment risk	9,257	0	6,172	0	0
Operational risk under base method	**30,572,948**	**27,713,046**	**30,572,948**	**27,713,046**	**25,565,084**
Total risk position	**93,017,367**	**65,599,849**	**81,025,388**	**76,026,119**	**91,054,454**
Capital adequacy	**22.9%**	**29.69%**	**19.00%**	**21.10%**	**21.63%**

7.8. Key financial ratios[19]

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 Management believes that the key financial ratios presented below are important supplemental measures of its operating performance and believes that these may be used by securities analysts, investors and other interested parties in the evaluation of the Issuer's performance in comparison with other similar companies and financial institutions.

	H1-2017	H1-2016	2016	2015	2014
Profit (loss) for the accounting period	2,185,967	2,580,464	5,887,801	-2,516,772	2,218,908
Total owners' equity	23,612,698	19,744,394	22,751,731	17,323,930	19,840,702
ROE (Return on Equity)	**9.4%**	**13.9%**	**29.4%**	**-13.5%**	**11.8%**
Total assets	25,045,507	21,810,658	24,122,825	20,414,371	21,889,378
ROA (Return on Assets)	**8.9%**	**12.2%**	**26.4%**	**-11.9%**	**10.4%**
Number of shares	404,000	404,000	404,000	404,000	404,000
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**
Total current assets	24,206,436	20,814,137	23,262,659	19,333,568	20,556,310
Total current liabilities	1,432,809	2,066,264	1,371,094	3,090,441	2,048,676
Current ratio	**16.9**	**10.1**	**17.0**	**6.3**	**10.0**

[19] 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.

7.9. Income

Income is recognised on an accrual basis when there is a reasonable expectation that the benefits resulting from the transaction will flow to the Issuer, the income can be reliably measured and the services are provided by the Issuer. Revenue is recognised at the fair value of the consideration received or receivable. Revenue from provision of the service is recognised in the same period when the services were provided.

The Issuer has four main types of income:

(a) Net profit from trading of financial assets at fair value through profit or loss with Clients and liquidity providers (EUR 24,852,520 in 2016) - includes market value changes of tradeable derivatives and other financial assets recognized at fair value through profit or loss. The trading income includes income from both A-book and B-book trades.

A-book trades are sent directly to liquidity providers and the Issuer makes its income from the spread. B-book trades are the Clients' orders the Issuer keeps internally i.e. the Issuer takes an open position or hedges it internally. Income from B-book involves realised or unrealised gains from the open positions and spreads from internal hedging.

(b) Commission fee income (EUR 653,267 in 2016)- commission fee income includes the consideration received or receivable at fair value for mediation of the service during the Issuer's ordinary course of business.

(c) Other income (EUR 163,433 in 2016) - other income includes revenue from sale of different goods (e.g. educational books) and services, significant share of which is the revenue the Issuer charges for shared services from other group companies (EUR 109,355 in 2016). Other service fee income and other income are recognised on an accrual basis when the transaction occurs.

(d) Interest income (EUR 70,567 in 2016) - interest income includes interest charged for loans to other Group Companies (EUR 23,253 in 2016), interest from bonds held as the liquidity reserve and other financial assets. Interest income is recognised for all financial instruments that are carried at amortized cost, using the effective interest rate method. The effective interest rate is the interest rate which when used for discounting the cash flows arising from financial asset will result in the current carrying amount of the financial asset.

The Issuer earns the four major classes of income, described above, from two main customer groups:

(a) External customers - the Issuer has 5,154 active customer accounts from Estonia and other (mostly EU) countries. The customer base is well diversified as three largest markets, Poland, Estonia and Czech Republic account for total of 40% of the customers, while all other markets have less than 10% share. The customers are mostly non-professional private individuals.

(b) Other Group Companies (internal customers) - the Issuer serves as the sole liquidity provider for other Group Companies which means that the Issuer acts as a counterparty to other group companies to settle all the trading activities of their customers.

Additionally, the Issuer offers the internal customers various shared services.

The breakdown of the income between the internal and external customers by two largest types of income in 2016 is presented in table below.

EUR	External customers	Internal customers			
		AM Cyprus Ltd.	AM UK Ltd.	AM Pty Ltd.	AM Chile SpA
Net profit from trading of financial assets at fair value through profit or loss with clients	6,588,410	146,200	20,367,688	1,794,279	770,350
Net profit from trading of financial assets at fair value through profit or loss with clients and liquidity providers	-4,814,407				
Commission fee income	653,267	0	0	0	0

7.10. Additional remarks on the annual report for 2016

7.10.1. Earnings per share calculation

EUR	H1-2017	H1-2016	2016	2015	2014
Profit (loss) for the accounting period	2,185,967	2,580,464	5,887,801	-2,516,772	2,218,908
Number of shares	404,000	404,000	404,000	404,000	404,000
Earnings per share	**5.41**	**6.39**	**14.57**	**-6.23**	**5.49**

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.

7.10.2. Change of a reporting format principle in the statement of cash flows

In the statements of cash flows for the year 2015, allowance for doubtful receivables from negative Clients' balances in amount EUR 222,818 is recorded on line item "Change in receivables and prepayments relating to operating activities". Allowance for such doubtful receivables has been recorded on line item "Allowance for doubtful receivables" in the statements of cash flows for year 2016. The format of the statement of cash flows was updated to improve clarity and analysability of the results. The previous format classified allowances from two nearly similar sources under two separate lines.

Overview of the changes is presented in the table below. The rows affected have been highlighted with red background.

EUR	2016	2015
Profit for the accounting period	**5,887,801**	**-2,516,772**
Adjustments for		
depreciation of fixed assets	308,156	280,517
gains on the sale of property, plant and equipment	-11,191	-24,995
changes in provisions	17,060	25,000
net interest income	-70,567	-37,720
allowance for doubtful accounts receivables	421,157	10,093,780
other adjustments	39,620	93
Adjusted operating profit	**6,592,036**	**7,819,903**
Change in receivables and prepayments relating to operating activities	-476,994	-10,870,330
Change in restricted cash balance	178,370	2,460,256
Change in payables and prepayments relating to operating activities	-1,687,669	1,097,974
Interest received	40,438	4,593
Interest paid	0	-100
Corporate income tax paid	-122,368	-10,701
Net cash from operating activities	**4,523,813**	**501,595**

7.10.3. Error corrections

Impact of error correction on the statement of financial position:

EUR	31.12.2015 adjusted	Impact of error	31.12.2015 before adjustment
Short-term loans, receivables and prepayments	3,650,936	-350,000	4,000,936
Long-term loans and receivables	485,638	-3,091,181	3,576,819
Retained earnings	14,479,780	-3,441,181	17,920,961

Impact of the error correction on the profit and loss statement:

EUR	2015 adjusted	Impact of error	2015 before adjustment
Operating expenses	-16,126,391	-3,441,181	-12,685,210
Profit (loss) before income tax	- 2,500,004	-3,441,181	941,177
Profit (loss) for the accounting period	-2,516,772	-3,441,181	924,409
Basic and diluted earnings (losses) per share	-6.23		2.29

Impact of the error correction on the statement of cash-flows:

EUR	2015 adjusted	Impact of error	2015 before adjustment
Adjustments: Allowance for doubtful receivables	10,093,780	3,441,181	6,652,599

7.10.4. Change of a reporting format principle in the statement of income

The order of some income and expense items was changed in the income statement and the items were regrouped to improve the readability of the report. The comparison of the new format and the previous format of the income statement is presented in the table below.

NEW FORMAT, EUR	2015	OLD FORMAT, EUR	2015
Net profit from trading of financial assets at fair value through profit or loss with clients and liquidity providers	20,571,885		
		Trading and brokerage fee income	20,279,864
Commission fee income	473,931		
Commissions and brokerage fee expense	-3,775,773		
		Trading and brokerage fee expense	-3,794,644
Other trading activity related expenses	-784,823		
Net income from trading	**16,485,220**	**Net income from trading**	**16,485,220**
Other income	247,067		
		Other service fees	98,487
Interest income (loss)	37,820	Interest income	37,820
		Interest expenses	-100
		Net interest income	37,720
Gains (losses) from foreign exchange rate changes	333,540	Gains from foreign exchange rate changes	333,540
Other financial income and expenses	-206,243		
		Other financial income and expenses	-206,143

		Net income from financial activities	**16,748,824**
		Income from sale of goods and services	148,580
		Cost of goods and services sold	-7,547
		Gross profit	**16,889,857**
Personnel expenses	-2,985,866	Personnel expenses	-2,985,866
Operating expenses	-16,131,025		
		Operating expenses	-16,126,391
Depreciation of fixed assets	-280,517	Depreciation of fixed assets	-280,517
		Other operating revenue/expenses	2,913
Profit (loss) before income tax	**-2,500,004**	**Profit (loss) before income tax**	**-2,500,004**
Income tax	-16,768	Income tax	-16,768
Profit (loss) for the accounting period	-2,516,772	Profit for the accounting period	-2,516,772
		Other comprehensive income for the accounting year	0
		Comprehensive income for the accounting year	**-2,516,772**

Other income (new) = Other service fees (old) + Income from sale of goods and services (old)
Other financial income and expenses (new) = Other financial income and expenses (old) + Interest expenses (old)
Operating expenses (new) = Operating expenses (old) + Cost of goods and services sold (old) + Other operating revenue/expenses (old)

7.11. Additional remarks on the interim report on the first 6 months of 2017

There were two interrelated errors in Note 5 of the Interim report on the first 6 months of 2017. Trade receivables were shown EUR 9,376,070 smaller than the correct figure - EUR 975,310 was presented in the report instead of EUR 10,351,380. At the same time doubtful receivables were shown EUR 9,376,070 larger than the actual amount - EUR -972,109 instead of EUR -10,348,179. The two errors offset each other and the net impact to all other items of the report is zero.

The corrected information is presented in the table below with the corrections highlighted with red shading.

New format	30.06.2017	31.12.2016
Financial assets		
Trade receivables	10,351,380	10,763,309
Doubtful receivables	-10,348,179	-10,763,289
Settlements with employees	14,896	3,072
Loans and receivables from group companies	3,707,601	2,141,958
Other short-term receivables	57,048	18,871
Subtotal	**3,782,746**	**2,163,921**
Non-financial assets		
Prepaid expenditure of future periods	109,413	228,559
Prepayments to suppliers	37,765	43,712
Prepaid taxes	256,627	386,405
Subtotal	**403,805**	**658,676**
Total	**4,186,551**	**2,822,597**

8. Additional information

The only official language of the Prospectus is English. Translations of the Summary of the Prospectus in Estonian, Latvian, Lithuanian, and Russian are prepared purely for informative purposes for the convenience of the Investor. The translations of the summary of the Prospectus can be found on the webpage and the location of the Issuer (see also section 9, *"Incorporation by reference"* and section 10, *"Documents on Display"*).

At present, the Issuer and the issued securities have no credit ratings granted.

The Issuer does not include profit forecasts or estimated profit in this Prospectus.

This Prospectus does not include any declaration or an expert report, and no third-party advisors or consultants have participated in its development and preparation of the Prospectus.

9. Incorporation by reference

Some documents or parts thereof have been incorporated to this Prospectus by reference. The documents or parts thereof which have been incorporated to this Prospectus by reference constitute an inseparable part of this Prospectus.

(a) The annual financial statements of the Issuer included in the Annual Report of 2015 has been included by reference. The document can be found HERE and the unofficial translation of the document can be found HERE. For the current and most recent information see the Annual report for the financial year 2016 which has been annexed to this Prospectus in full. The financial statements of 2015 provided in the audited annual report for the financial year 2015 have been amended in the audited annual report of 2016. For more information, please see section 7 of this Prospectus.

(b) The report of the auditor of the Issuer dated 5 May 2016 assessing, inter alia, prudential requirements established for own funds and the sufficiency and efficiency of the internal audit system can be found HERE and the unofficial translation HERE.

The original language of the documents annexed to this Prospectus or referred to in this Prospectus is Estonian. Any reference to an unofficial translation is a reference to the document being translated into English.

10. Documents on display

Some documents have been made available for inspecting on the webpage of the Issuer as well as at the location of the Issuer.

(a) the translations of the summary of this Prospectus in Estonian, Russian, Latvian and Lithuanian;

(b) The unaudited interim report of the Issuer for the first 6 months of 2017;

(c) the report of the auditor of the Issuer dated 03.05.2017 assessing the functioning of the principles for the maintenance and protection of the assets of clients;

(d) the report of the auditor of the Issuer dated 23.05.2017 assessing, inter alia, prudential requirements established for own funds and the sufficiency and efficiency of the internal audit system; and

(e) the Articles of Association of the Issuer.

The translations of the prospectus can be found on the Issuer's webpage under the section "Bonds" at the following address: http://admiralmarketsgroup.com/et/bonds/.

The Articles of Association of the Issuer can be found on the Issuers webpage together with the information concerning the management of the Issuer at the following address: http://admiralmarketsgroup.com/admiral-markets-as/admiral-markets-as-management/.

All other above-mentioned documents can be found on the Issuer's webpage under the section "Reports" at the following address: http://admiralmarketsgroup.com/admiral-markets-as/reports/.

The documents may be inspected at the Issuer's business address Ahtri 6a, 10151 Tallinn, Estonia during Business Days from 9:00 a.m. to 6:00 p.m.

11. Index of annexes

Annex A

Translation of the audited Annual Report for the financial year of 2016;

Annex B

Unofficial translation of the unaudited interim report for the first two quarters of the financial year of 2017;

Annex C

Unofficial translation of the report of the auditor of the Issuer regarding the functioning of the principles for the maintenance and protection of the assets of Clients dated 03.05.2017; and

Annex D

Unofficial translation of the report of the auditor of the Issuer dated 23.05.2017 assessing, inter alia, prudential requirements established for own funds and the sufficiency and efficiency of the internal audit system.

The original language of the documents annexed to this Prospectus or referred to in this Prospectus is Estonian. Any reference to an unofficial translation is a reference to the document being translated into English.