

## CANTOR FITZGERALD EUROPE RISK MANAGEMENT

It is the responsibility of the Group's business units and functions to identify the most material risks faced by the business area under their oversight.

The methods used to identify risks can vary across business units and functions, but typically, such risks would include:

- Risks that have occurred externally that are relevant to the Group;
- Risks identified through the Risk and Control Self Assessments process;
- Risks identified by senior executives through strategic planning or governance processes;
- Risks where there have been previous internal incidents in the Group;
- Risks identified on assessment and from due diligence of new business products acquisitions and any material changes on existing business; and
- Risks identified by internal or external audit.

The Business Development Committee is responsible for ensuring that any new business or material change to an existing business has been assessed in respect of any new risks it may create, including the impact to the Group's capital and liquidity. The Risk Management department reviews the risks identified and provides appropriate challenge. This includes additional risks that should be considered. All identified risks are mapped to the Group's risk categorization model to ensure that all risks to which the Group is exposed are categorized and reported in a consistent manner.

The Cantor Fitzgerald Europe ("CFE") Board sets the market risk appetite and oversees the application of market risk policies.

It is the responsibility of each of the functional areas, committees, the CFE Board and the Board to consistently review and challenge any operational risks and their subsequent controls to ensure all material key risks are understood, monitored and managed.

Risk and Control Self Assessments ("RCSAs") are subject to CFS LLP Pillar 3 Page | 16 review and challenge in the first instance by the Risk Management department and then by the Operational Risk and Compliance Committee ("ORCC").