

Investor Compensation Fund Policy

I. THE FUND

Capital Com SV Investments Limited (“we”, “CAPITAL.COM”, “the Company”) is a member of the Investor Compensation Fund (the “Fund”) for Customers of Cyprus Investment Firms (CIFs) and other Investment Firms (IFs) which are not credit institutions. The Fund was established under the Investment Firms Law of 2002 (as amended and replaced by Law 144(I)/2007 (the “Law”)) and Directive DI144-2007-15 of the Cyprus Securities and Exchange Commission (“CySEC”) for the Continuance of Operation and the Operation of the CIF Investor Compensation Fund (the “Directive”).

The Fund constitutes a private law legal entity and its administration is exercised by an Administrative Committee, consisting of five members, who hold office for a three-year term.

II. THE OBJECT OF THE FUND

The object of the Fund is to secure claims of covered clients against members of the Fund by paying them compensation for claims arising from covered services provided by its members, so long as the member’s failure to fulfill its obligations to the client has been ascertained.

It is a legal obligation of CAPITAL.COM as a CIF to subscribe to the Fund. Any compensation provided to our client by the Fund will not exceed twenty thousand Euros (€20.000). This limitation applies to the aggregate of claims our client may have against us.

III. DEFINITIONS:

“**Professional Investor**” shall mean the persons specified in the Second Schedule;

“**Investors**” shall mean the natural person or legal entity or the union of persons or group of assets devoid of legal personality who are clients of a Fund member;

“**Securities and Exchange Commission**” or “**Commission**” shall mean the legal person of public governed by the Cyprus Securities and Exchange Commission Law;

“**Covered client**” shall mean the client of a Fund member, who is covered by the Fund for claims against the Fund member, arising from the covered services which are provided by the said Fund member;

“**Fund member**” shall mean a CIF or IF which participates in the Fund

“**Non-professional investor**”.

IV. COVERED CLIENTS

The Fund covers all clients of CAPITAL.COM. The covered services of CAPITAL.COM are available to retail clients. The Investor Compensation Fund does not cover Professional Clients but only retail Clients of CIFs.

V. COVERED SERVICES

The following investment services offered by CAPITAL.COM are covered by the Fund's compensation scheme:

- Reception and transmission of orders in relation to one or more financial instrument;
- Execution of orders on behalf of clients.

The covered services of CAPITAL.COM are currently provided for financial contracts for differences ("CFDs") across a range of underlying asset classes, including, but not limited to, equity, commodities and indices. The covered services for CFDs on virtual currencies are not currently subject to the Fund's compensation scheme and in case a relevant claim arises investors should follow the general procedures prescribed by the Applicable Regulations and the laws of Cyprus in general.

VI. COMPENSATION OF COVERED CLIENTS AND PAYMENT FORMALITIES

i. Failure to fulfill our obligations:

The Fund will compensate the clients of CAPITAL.COM for claims arising from the covered services provided by us, as long as our failure to fulfill an obligation to our client has been ascertained. The compensation will be provided by the Fund notwithstanding any relevant obligation of ours in accordance with the legislation and the terms which govern our agreement with our clients and regardless of whether the said obligation of ours is based on an agreement or on a wrongdoing.

For our client to qualify for the compensation scheme, we should fail:

- to return to our clients the funds owed to them or funds which belong to them but are held by us, directly or indirectly, within the framework of providing them our covered services; and our client should have made such request to return in exercise of their relevant right; or
- to hand over to our clients the CFDs which belong to them and which we hold, manage or keep on their account, including where we are responsible for the administrative management of the said CFDs.

ii. Preconditions for the initiation of the compensation payment

The Fund will initiate the compensation payment procedure for our client if at least one of the following preconditions is met:

- CySEC has determined that CAPITAL.COM for the time being is unable to meet its obligations arising from its clients' claims in connection with the covered services, as long as such inability is directly related to the Company's financial position which has no realistic prospect of improvement in the near future; or
- A court, based on grounds directly related to the financial position of CAPITAL.COM, has made a ruling which has the effect of suspending the clients' ability to lodge claims against the Company.

These preconditions will be presumed to have been met:

- If we submit to the Fund or to CySEC a written statement declaring our failure to fulfill our obligations toward our clients;
- If we file an application for liquidation;

If CySEC revokes or suspends our authorization to provide the covered services and ascertains that we are not expected to be in a position to fulfill our obligations toward our clients in the near future. Such failure should not be a result of a temporary lack of liquidity, which can be dealt with immediately.

In order to reach a decision on the commencement of the compensation payment, CySEC may request us to set out our views within a short deadline so fixed, which cannot be less than three (3) working days from the date of the invitation to set out such views.

iii. Invitation of covered clients to submit applications

Upon issuance of a decision by the court or by CySEC on the commencement of the compensation payment process, the Fund publishes in at least three newspapers of national coverage, an invitation to our clients to make their claims against us arising from our covered services, designating the procedure for the submission of the relevant applications, the deadline for their submission and their content.

The publication must contain at least:

- the name and address of our headquarters;
- the deadline for the submission of the compensation applications, which cannot be less than five months and greater than nine months from the last publication;
- the mode and address of submission of the applications;

- the address at which our clients may be informed about the exact content of the applications to be submitted, and get the relevant form provided by the Fund.

iv. Interruption of the deadline for submission of applications

In case our client, not being his/her fault, was neither informed about the invitation to submit a compensation application nor was he/she in a position to submit his/her application within the deadline, the deadline is interrupted. An interruption is provided in case of an event of force majeure, as long as it has been proved that such event prevented the keeping of the deadline for the submission of the compensation application or the collection and submission of the required information. Indications that our client had an impediment for which he/she is not responsible, and which forms a reason for the interruption of the deadline for the submission of a compensation application include especially:

- proved absence of the client abroad for a period which includes at least half of the deadline for the submission of a timely application;
- illness confirmed by a doctor that it forms a serious impediment for the submission of an application for a period which includes at least half of the deadline for the submission of a timely application;
- or
- the client's stay in a correctional institution for a period which includes at least half of the deadline for the submission of a timely application.

The deadline for the submission of the compensation application starts again from the day the reason of its interruption ceases to exist.

A client who submits an application late to the Fund for the payment of compensation is obliged to submit, in addition to the information forming the necessary minimum content of the application a solemn declaration stating the reason for which he/she was not in a position to claim compensation in time attaching the necessary supporting evidence to prove his/her allegations.

v. Content of the compensation applications

The compensation applications of our clients with which they make their claims against us should be submitted to the Fund in writing. The compensation applications must include:

- the name of our client making the claim;
- his/her address, telephone and fax numbers as well as any email address;
- his/her client code with CAPITAL.COM;

- the particulars of the covered services agreement between CAPITAL.COM and the client making the claim;
- the type and amount of the alleged claims of the client ; and
- the exposition of the particulars from which the alleged claims of the client and their amount were derived.

The Fund may ask for more information to be included in the compensation application, which it communicates with its publication in at least three newspapers of national coverage as well as in the Official Gazette of the Republic, and puts a catalogue with this information at the disposal of investors, at its offices and/or at the offices of the members of the Fund.

vi. Recording and evaluation of the alleged compensation claims

The Fund designates at least one qualified auditor and at least one lawyer with knowledge on capital market issues, who after having checked the initial prerequisites, evaluate the claims submitted to the Fund and recommend to the Administrative Committee their acceptance in total or in part or their rejection. In case of disagreement between these persons, each one of them submits a separate recommendation. The remuneration of these persons is agreed between the Fund and these persons and burdens the member of the Fund, and, if necessary, is paid by the Fund.

The auditor and the lawyer may to evaluate the applications:

- ask us to express our opinion about the grounds of the claims alleged by our clients and, in case of doubt, to present the relevant supporting documents;
- evaluate, based on the information they have, the applications, determining the amount of the compensation for each claimant.

The auditor and the lawyer have full access to the books kept by us, in order to accomplish their work, and they are obliged to exhibit confidentiality against any third party as to the information coming to their knowledge in the exercise of their duties. The said obligation of confidentiality is disregarded in order to make it possible to exercise their duties and as far as CySEC is concerned.

vii. Decision of the Administrative Committee on the submitted applications

Upon submission of the applications the Administrative Committee has control especially if:

- the client making the claim falls within the category of covered clients;
- the application was timely submitted;

- the conditions of legislation and of this Policy for the valid submission of compensation applications are fulfilled.

The Administrative Committee rejects the application in case the claimant does not fulfill the above conditions or, if at the Administrative Committee's discretion, there exists at least one of the following reasons:

- the client making the claim used fraudulent means in order to secure the payment of the compensation by the Fund, especially if it knowingly submitted false evidence;
- the damage suffered by the client making the claim substantially derived from concurrent negligence or offence on its behalf in relation to the damage it suffered and to its underlying cause.

The Administrative Committee during the examination of the applications takes into consideration the recommendations of the designated lawyer and auditor and decides on the applications determining the amount of the compensations for each covered client.

viii. Unjustifiably paid compensation

The Fund may demand at any time from a covered client to return the compensation paid to it, if it finds out subsequently that there was a reason to reject its application.

ix. Fixing of the amount of payable compensation

To ascertain the claims of a client against us, as well as any counterclaims we may have against the claimant, the books kept by us and the particulars issued by us as well as any supporting evidence produced our client are taken into consideration.

The amount of the compensation payable to each client is calculated in accordance with the legal and contractual terms governing our relation with the client, subject to the set-off rules applied for the calculation of the claims between the client and CAPITAL.COM.

The valuation of the CFDs pertaining to the compensation payable to our client is carried out based on their value at the day:

- of publication of the court ruling suspending the client's ability to lodge claims against us;
- of publication of the decision of CySEC that we are unable to fulfill our duties to our clients in connection to the covered services.

The calculation of the payable compensation derives from the sum of total established claims of our client against us, arising from all covered services provided by CAPITAL.COM and regardless of the number of

accounts, of which our client is a beneficiary, the currency and place of provision of these covered services.

If the amount of the claim determined under the Directive exceeds the amount of twenty thousand Euros (€20.000), the claimant will receive as compensation the lump sum of the amount of twenty thousand Euros (€20.000).

x. Valuation of claims of our clients and its notification process

Upon completion of the valuation, the Fund:

- issues minutes listing our clients which are compensation beneficiaries along with the amount of money each one of them is entitled to receive, and, communicates it to CySEC and CAPITAL.COM within five (5) working days from its issue; and
- communicates to each affected client of CAPITAL.COM its finding no later than fifteen (15) days from the issue of the minutes referred to above determining the total compensation amount this client is entitled to receive.

In order to ensure that the provisions of the legislation in force in the Republic of Cyprus are fulfilled during the examination of the applications and the calculation of the amount of the corresponding compensation per covered client, CySEC may:

- request from the Fund, CAPITAL.COM and our client to produce information and particulars;
- run any investigation required, implementing the relevant provisions of Cyprus Securities and Exchange Commission Law of 2009 to 2013, as in force from time to time, and especially those provisions enacting the powers of the CySEC for entry and investigation.

The client to whom the Fund communicates the total compensation amount to which he/she is entitled, in case it disagrees with the Fund's decision, has the right within ten (10) days from the communication of the decision, to appeal to CySEC, justifying sufficiently his/her alleged claim.

CySEC, as long as it finds errors or inaccuracies as to the evaluation by the Fund of the applications for the payment of compensation and the fixing of the compensation for each appealing client, taking into consideration any memos submitted to it by the appealing client, may demand from the Fund to correct the payable compensations with a decision communicated to the Fund within forty-five days (45) from the communication to it of the minutes of the compensation beneficiaries.

xi. Deadline and procedure relating to the payment of compensation

The Fund is obliged to pay to each covered client of CAPITAL.COM the compensation within three (3) months from sending to CySEC the minutes with list of the compensation beneficiaries.

The payment of the compensation by the Fund is deposited to a bank account of the client of CAPITAL.COM designated by the client himself/herself in writing to the Fund.

Every compensation payable to a covered client of a member burdens initially the property of the Fund corresponding to the individual shares of its members and then the assets of the fixed reserve.

xii. Effects of the payment of the compensation

The payment of any compensation by the Fund entails the subrogation of the Fund by operation of law to the rights of the compensated covered client of CAPITAL.COM against us for an amount equal to the compensation payable to the compensated client.

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