Investor Compensation Fund Policy

1. Introduction

(1) Trade Capital Markets (TCM) Limited (ex. Leadcapital Markets Limited) (“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, which was established under the Law 87(I)/2017 (the “Law”) and the Establishment and Operation of an Investor Compensation Fund for Customers of CIFs Regulations of 2001 which were issued under the Law.

2. Object of The Fund

(1) The Fund constitutes a private law legal entity and its administration is exercised by an Administrative Committee of five members, who are designated for a three-year term. The object of the Fund is to secure the claims of the covered clients against the Fund members through the payment of compensation, provided that at least one of the following preconditions is fulfilled:

i. The Securities and Exchange Commission has determined by Resolution that an IF, which has subscribed to the Fund, is unable, at present, to meet such of its duties as arise from its investor-clients’ claims in connection with the provision of investment services or the ancillary service of paragraph 1 of Part II of the Third Schedule of the Law, provided that such inability is directly related to its financial circumstances in respect of which there is no foreseeable realistic prospect of improvement in the near future, or

ii. A court has, on reasonable grounds directly related to the financial circumstances of an IF which has subscribed to the Fund, issued a ruling which has the effect of suspending the investors ability to lodge claims against the said IF.

(2) The amount of compensation toward investor-clients of the Company shall be up to a maximum amount of twenty thousand Euro (€20,000) and the said coverage applies to the total amount of claims of an investor toward member, irrespective of the number of accounts, currency and place of provision of the service.

(3) The compensation from the Fund presupposes the existence of a reasonable claim from the client toward the Fund member, which arises from a covered service offered by the Fund member to the said client.

(4) The Fund does not cover compensation for Cryptocurrencies considering that there is no specific EU regulatory framework which governs trading in such products and falls outside the scope of the Company MiFID regulated activities.

Covered Clients

(1) The Fund covers the clients of the Company, except those belonging into the following investor categories:

1. Institutional and professional investors including:
   i. Investment Firms,
   ii. legal entities associated with the Company and, in general, belonging to the same group of companies,
   iii. banks,
   iv. cooperative credit institutions,
   v. insurance companies,
   vi. collective investment organizations in transferable securities and their management companies,
   vii. social insurance institutions and funds,
   viii. investors characterized by the Company as professionals, upon their request, in accordance with Paragraph B of the Second Schedule of the Law.
2. States and supranational organizations;
3. Central, federal, confederate, regional and local administrative authorities;
4. Enterprises associated with the Company;
5. Managerial and administrative staff of the Company;
6. Shareholders of the Company, whose participation directly or indirectly in the capital of the Company amounts to at least 5% of its share capital, or its partners who are personally liable for the obligations of the Company, as well as persons responsible for the carrying out of the financial audit of the Company, such as its qualified auditors.
7. Investors having in enterprises connected with the Company and, in general, of the group of companies, to which the Company belongs, positions or duties corresponding to the ones listed in paragraphs (5) and (6) above.
8. Second-degree relatives and spouses of the persons listed in paragraphs (5), (6) and (7), as well as third parties acting for the account of these persons.
9. Investors whose claims arising out of transactions involving individuals convicted of a criminal offense for the said transactions, pursuant to the Prevention and Suppression of Money Laundering Activities Law of 2007 and the Amending Law 158(I)/2018, investors-clients of a Company responsible for facts pertaining to the Company that have caused its financial difficulties or have contributed to the worsening of its financial situation or which have profited from these facts.
10. Investors in the form of a company, which due to its size, is not allowed to draw a summary balance sheet in accordance with the Companies Law or a corresponding law of a Member State.

In the cases of paragraphs (5), (6), (7) and (8), the Fund suspends the payment of compensation informing the interested parties accordingly, until it reaches a final decision as to whether such cases apply.

Covered Services

The Fund shall compensate the Company’s clients for the investment services and ancillary services which are offered by the Company:

a. Investment Services: (i) Reception and transmission of orders in relation to one or more financial instruments, (ii) Execution of orders on behalf of clients, (iii) Dealing on own account.

b. Ancillary Services: (i) Safekeeping and administration of financial instruments, including custodianship and related services, (ii) Granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction, (iii) Foreign exchange services where these are connected to the provision of investment services.

Compensation of Covered Clients and Payment Formalities

(1) The Fund compensates the covered clients for claims arising from the covered services provided by its members, as long as failure by the member to fulfil its obligations has been ascertained notwithstanding a relevant obligation by the Company in accordance with the Law, notwithstanding a relevant obligation by the Company in accordance with the legislation and the terms which govern its agreement with the covered client and regardless of whether the said obligation of the Company is based on the agreement or on wrongdoing.

(2) Failure by a Company to fulfil its obligations consists of its failure:

i. Either to return to its covered clients funds owed to them or funds which belong to them but are held by the member, directly or indirectly, in the framework of the provision by the said member to the said clients of covered services, and which the latter requested the member to return, in exercise of their relevant right.

ii. Or to hand over to the covered clients financial instruments which belong to them and which the Company holds, manages or keeps on their account, including the case where the member is responsible for the administrative management of the said financial instruments.
(3) The Fund initiates the compensation payment procedure when at least one of the preconditions referred to in subparagraphs (i) and (ii) of Paragraph B is fulfilled.

(4) 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 the covered clients to make their claims against the member of the Fund arising from covered services, designating the procedure for the submission of the relevant applications, the deadline for their submission and their content.

### Amount of Payable Compensation

(1) To ascertain the claims of a claimant against a member of the Fund, as well as any counterclaims of the member of the claimant, the books kept and the particulars issued by the member of the Fund as well as the supporting evidence produced by the claimant are taken into consideration.

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

(3) The valuation of the financial instruments pertaining to the compensation payable to the covered client is carried out based on their value at the day:

i. of publication of the court ruling which has the effect of suspending the investors’ ability to lodge claims against the Company;

ii. of publication of the decision of the CySEC that the Company is unable, at present, to meet such of its duties as arise from its investor-clients’ claims in connection with the provision of investment services or the ancillary service of paragraph 1 of Part II of the Third Schedule of the Law, provided that such inability is directly related to its financial circumstances in respect of which there is no foreseeable realistic prospect of improvement in the near future.

(4) The calculation of the payable compensation derives from the sum of total established claims of the covered client against the Company, arising from all covered services provided by the member and regardless of the number of accounts, of which it is a beneficiary, the currency and place of provision of these services.

(5) Insofar as the amount of the claim determined exceeds the amount of twenty thousand Euro (€20,000), the claimant receives as compensation the lump sum of the amount of twenty thousand Euro (€20,000).

(6) Insofar the investment firm provides services to its clients through the branch situated in a third country, the amount of the maximum compensation payable to the clients of the said branch comes up, per client, to the lump sum paid by any investor compensation scheme in operation in the third country, without exceeding the amount of twenty thousand Euros (€20,000). If in such third country there is no investor compensation scheme in operation, the maximum amount of payable compensation per client of the branch comes up to an amount corresponding to three thousand four hundred and seventeen Euro (€3,417).

(7) Trading in CFDs involves significant risk to your invested capital.

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<tr>
<th>Investment Fund Policy – Issuance and Amendment Record</th>
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<tbody>
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Amendments

<table>
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<th>Version 1.1</th>
<th>November 2016</th>
<th>Policy review</th>
</tr>
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<tbody>
<tr>
<td>Version 1.2</td>
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