



Investor Compensation Fund Policy

I. Introduction

Capital Com Group Ltd (the “**Company**”, “**we**”, “**Capital Com**”) is a Cypriot Investment Firm (the “**CIF**”) regulated by the Cyprus Securities and Exchange Commission (the “**CySEC**”) for the provision of investment and ancillary services under the license number 463/25 and registered in the Republic of Cyprus. Our business and registered address is at 66 Christaki Kranou, 7th Floor, City Tower, 4042, Germasogeia, Limassol, Cyprus.

II. Purpose and Legal Framework

The Company, as a CIF, is required to be a member of the Investor Compensation Fund (the “**ICF**” or “**Fund**”), established in accordance with the CySEC Directive DI87-07 for the Operation of the Investor Compensation Fund, as amended from time to time (the “**Directive**”). The Fund constitutes a private legal entity administered by an Administrative Committee, consisting of five members, appointed for a three-year term.

The ICF exists to protect eligible clients by compensating them if a member firm, such as Capital Com, becomes unable to meet its obligations, where the member has been determined to have failed in meeting its obligations to the client, and provided that at least one of the conditions set out in Clause 18(1) of the Directive is satisfied.

Failure by the Company to fulfil its obligations under the conditions set out in Clause 19 of the Directive, can lead to either:

- (a) Its inability to repay funds owed to its covered clients or belonging to them but are held by the Company on their behalf, directly or indirectly, in the framework of the provision of covered services; or
- (b) Its inability to return to its covered clients any financial instruments which belong to them and which the Company holds or manages or administers in its accounts on behalf of its clients.

Any compensation provided to a Covered Client by the Fund is the lower of 90% of the cumulative covered claim and twenty thousand Euros (€20,000). This limitation applies to the aggregate of claims a Covered Client may have against the Company.

III. Non-Covered Clients

The Fund does not compensate investors that fall within the following categories:

1. Institutional and professional investors including:
 - Investment Firms;
 - Legal entities associated with the Company and, in general, belonging to the same group of Companies;
 - Banks;
 - Cooperative credit institutions;
 - Insurance Companies;
 - Collective investment organizations in transferable securities and their management companies;
 - Social Insurance Institutions and Funds;
 - Investors characterized by the Company as professionals based on investors' request in accordance with paragraph II of the Second Appendix of the Law 87(l)/2017.
2. Supranational institutions, government and central administrative authorities.
3. Provincial, regional, local and municipal authorities.
4. Enterprises who have close ties 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 as provided by the Law, 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 subparagraphs 5 and 6 above.

8. Up to 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. Apart from investors convicted of criminal offence pursuant to the Prevention and Suppression of Money Laundering Activities Law of 2018 (the "**AML Law**"), investors-clients of the 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. Other firms in the same group.
11. 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 the abovementioned paragraphs 5, 6, 7, 8 and 10, the ICF suspends the payment of compensation, informing the interested parties accordingly, until it reaches a final decision as to whether such cases apply.

IV. Covered Clients

The ICF offers protection only to clients who hold a Retail Client classification with Capital Com. Clients who are categorised as Professional Clients or Eligible Counterparties do not qualify for ICF coverage and therefore cannot receive compensation from the Fund.

V. Covered Services

Covered services are those included in the Company's license (463/25) issued by CySEC, as in force at the time of the claim. The following investment services offered by Capital Com fall within the scope of 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;
- Dealing on own account.

Currently, Capital Com provides these covered services in relation to Stocks (as defined under Annex 1), Contracts for Differences (the “**CFDs**”) and Knock-Out Options (the “**KOs**”) across a wide range of underlying asset classes, including, but not limited to, stocks, commodities, cryptocurrencies, currency pairs (the “**FX**”) and indices.

VI. Compensation of Covered Clients and Payment Procedures

The Fund initiates the compensation payment procedure when at least one of the following preconditions is fulfilled:

- a) The Commission has determined that the Company, which is subscribed to the Fund, is unable, at the time, to meet such of its duties as arise from its investor-clients' claims for reasons that are directly related to its financial circumstances and in respect of which there is no foreseeable prospect of improvement in the near future; or
- b) A court of the Republic, has issued a ruling, for reasons directly related to the financial circumstances of the Company, which is subscribed to the Fund, which has the effect of suspending the investors ability to lodge claims against the Company.

Upon the initiation of the compensation payment procedure, the Fund publishes in at least two newspapers of national coverage, an invitation to the covered clients to make their claims against the Company arising from covered services. The procedure for the submission of the relevant applications, the deadline and their content will be designated in the invitation.

The Commission shall issue its decision for the initiation of the compensation payment procedure by the Fund within a reasonable time, and publish the relevant information on its website.

The amount of 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 claims between the Covered Client and the Company. 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 Company and regardless of the number of accounts of which the client is a beneficiary, the currency and place of provision of these services.

The maximum compensation payable to a Covered Client is either the 90% of the cumulative covered claims of the covered investor, or the amount of €20,000, whichever is lower.

In case of a joint investment business:

- a) In the calculation of the covered amount noted above, the share that corresponds to each covered investor is taken into account;
- b) Claims are allocated equally among the investors unless specific provisions apply, and subject to the exception of point c below, each investor is entitled to separate coverage up to the limit above; and
- c) The claims relating to joint investment business, to which two or more persons are entitled as members of a business partnership, association or grouping of a similar nature which has no legal personality, may, for the purpose of calculating the limits of compensation, be aggregated and treated as if arising from an investment made by a single investor.

Private Insurance

Separately from the Fund, and on separate terms, the Company maintains a private insurance policy underwritten by Lloyd's Insurance Company S.A. (the "**Insurance Policy**"). The Insurance Policy is a commercial contract between the Company and its insurers. It is arranged and paid for by the Company; Clients are not parties to it and bear no cost in respect of it. The provisions of this section govern the Insurance Policy only, and the provisions of the preceding sections of this policy govern the Fund only.

Condition of cover

The Insurance Policy responds only where the Company becomes insolvent while the Insurance Policy is in force **and** that insolvency is accompanied by an Event of Misconduct, meaning the loss of Client assets through theft, fraud or embezzlement of similar wrongful acts, as defined in the Insurance Policy. Insolvency of the Company on its own does not give rise to a claim under the Insurance Policy. Both conditions must be met.

The Insurance Policy does not cover investment losses of any kind. Losses arising from market movements, from the closure of positions or from the operation of margin requirements are not covered by the Insurance Policy, by the Fund, or by any other arrangement described in this policy.

What is covered, and the applicable limits

Subject to the condition of cover above, the Insurance Policy covers cash and realised profits held in the Client's account and the margin held by the Company in respect of open positions, and amounts receivable by the Client from the Company. It does not cover the market value of open positions, or any unrealised profit or loss.

The Company maintains separate cover for Retail Clients and for Professional Clients, and the limits differ. In both cases the maximum amount payable in respect of any one Client is €1,000,000.

For Retail Clients, a retention of €20,000 applies to each Client, and the maximum aggregate amount payable in respect of all Retail Client claims is €20,000,000, which is separate from the compensation eligible under the Fund.

For Professional Clients, no retention applies, reflecting that Professional Clients are not eligible for compensation from the Fund, and the maximum aggregate amount payable in respect of all Professional Client claims is €2,000,000.

Where valid claims in aggregate exceed the applicable aggregate amount, the amount payable to each Client is reduced proportionately. A Client may accordingly recover less than the amount of their loss and less than the maximum amount payable per Client.

Claims, and the full terms

Clients have no direct right of claim against the insurer and cannot submit a claim to Lloyd's Insurance Company S.A. directly. Claims are submitted by the Company, or by the insolvency practitioner appointed in respect of the Company, and any amounts received are distributed to Clients.

Status of the Insurance Policy

The Insurance Policy is not a compensation scheme. It is not established, administered or supervised under Law 87(I)/2017 or the Directive, and it does not form part of, replace or extend the protection provided by the Fund. Eligibility under the Insurance Policy does not confer eligibility for compensation from the Fund, and ineligibility for the Fund does not confer eligibility under the Insurance Policy.

Unlike the Fund, the Insurance Policy is a commercial arrangement. The Company may amend, renew or discontinue it in accordance with its terms and with the commercial arrangements in place from time to time. Any such change will be reflected in this policy and in the certificates published on the Company's website. Please refer to the Retail Client insurance certificate [here](#) and the Professional Client insurance certificate [here](#).

VII. Policy Updates

The Company reserves the right to review and/or amend this policy and arrangements from time to time. In the event we materially change this policy, active Clients will be notified as in accordance with the Company's [Terms and Conditions](#).

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Annex 1 - Definitions

“ADRs” shall mean American Depositary Receipts.

“AML Law” shall mean The Prevention and Suppression of Money Laundering Activities Law of 2018, as amended from time to time.

“CIF” shall mean a Cyprus Investment Firm.

“CFDs” shall mean Contract for Differences.

“Client(s)” or **“you”** or **“investor”** 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 Capital Com.

“Company” or **“we”** or **“Capital Com”** shall mean Capital Com Group Ltd.

“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.

“Cyprus Securities and Exchange Commission” or the **“Commission”** or the **“CySEC”** shall mean the Cyprus Securities and Exchange Commission.

“Directive” or **“ICF Directive”** shall mean the Directive DI87-07 of the Cyprus Securities and Exchange Commission for the operation of the Investor Compensation Fund.

“ETF(s)” shall mean exchange traded funds.

“ETNs” shall mean Exchange Traded Notes.

“Event of Misconduct” shall mean theft, fraud or embezzlement, as defined in the Insurance Policy, and constitutes a condition of cover under that policy in addition to the insolvency of the Company.

“Fund” or **“ICF”** shall mean the Investor Compensation Fund.

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

“Insurance Policy” shall mean the private insurance policy maintained by the Company, as described under the Private Insurance section.

“Joint investment business” shall mean investment business carried out for the account of two or more persons or over which two or more persons have rights that may be exercised by means of the signature of one or more of those persons.

“KOs” shall mean Knock Out Options.

“Law 87(I)/2017” shall mean the Investment Services and Activities and Regulated Markets Law of 2017.

“MiFID II” shall mean the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on Markets in Financial Instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

“Non-covered client” shall have the meaning given to this term by the Second Schedule of the Directive.

“Non-professional investor / Retail Client” shall mean an investor who is not a professional.

“Professional Investor / Professional Client” shall mean the persons specified in the Second Schedule of the Directive.

“Stocks” or **“stocks”** shall mean transferable securities as defined under Article 4(1) point (44) of MiFID II, including among others, shares, ADRs, ETFs, ETNs and ETCs. The Company markets Transferable Securities commercially under the name "Stocks."