

INVESTOR COMPENSATION FUND PROTECTION SCHEME

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1. Introduction

1.1. XM is a registered trademark of Trading Point of Financial Instruments Ltd, a Cypriot Investment Firm (CIF) registered with the Registrar of Companies in Nicosia under the Number HE 251334 and regulated by the Cyprus Securities and Exchange Commission (the "CySEC") under the License Number 120/10 (hereinafter the "Company" or "XM").

1.2. The Company is operating under Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments amending Directives 2002/92/EC and 2011/61/EU (recast), as last amended by Directive 2016/1034 of the European Parliament and of the Council, as the same may be in force, modified or amended from time to time (the 'Markets in Financial Instruments Directive (2014/65/EU)'' or 'MiFID II').

2. Purpose

2.1. The Company is a member of the Investor Compensation Fund ('Fund'), in accordance to section 15 of Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2007) which states that a Cypriot Investment Firm ('CIF') must be a member of an authorised investor compensation scheme in order to be allowed to provide investment services/activities and ancillary services.

2.2. The main objective of the Fund is to secure the claims of covered clients of regulated CIFs that are members of the Fund ('Fund Members'), in situations where the CIF is unable to fulfil its obligations.

2.3. The Fund compensates covered clients in accordance with the services provided by the Fund Member, in cases where the Fund Member is unable to fulfil its obligations. Failure by a Fund Member to fulfil its obligations consists of its failure:

2.3.1. To return to its covered clients funds owed to them or funds which belong to them but are held by a Fund Member, directly or indirectly, in the framework of the provision by the said Fund Member to the said clients of covered services and which the latter requested the Fund Member to return, in exercise of their relevant right.
2.3.2. To hand over to the covered clients financial instruments which belong to them and which the Fund Member holds, manages or keeps on their account, including the instances where the Fund Member is responsible for the administrative management of the said financial instruments.

The Company's clients bear the risk of losing their assets, which are held by Third Parties, especially in case of their insolvency and in case the Third Parties are not covered by any investor compensation system and/or have no other insurance cover.

3. Covered Services

3.1. Covered Services are the investment services listed on the Company's licence (Licence No. CIF 120/10) issued by the CySEC as well as the Ancillary Service of Paragraph 1 of Section B of Annex I of MiFID II. The Fund shall not pay compensation to individuals for which criminal proceedings under the provisions of the Prevention and Suppression of the Legalisation of Proceeds from Criminal Activities Law of 2018 are pending against them.

4. Covered Clients

The Fund compensates all clients of the Company unless they fall into the following investor categories:

4.1. Institutional and professional investors including:

4.1.1. Investment Firms
4.1.2. Legal entities associated with the Company and, in general, belonging to the same group of Companies
4.1.3. Banks
4.1.4. Cooperative credit institutions
4.1.5. Insurance companies
4.1.6. Collective investment organizations in transferable securities and their management companies

4.1.7. Social insurance institutions and funds
4.1.8. Investors characterized by the Company as professionals

4.2. States and International Organizations

4.3. Central, federal, confederate, regional and local administrative authorities

4.4. Enterprises who have close ties with the Company

4.5. Managerial and Administrative Staff of the Company

4.6. 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

4.7. 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 4.5 and 4.6 above

4.8. Second-degree relatives and spouses of the persons listed in subparagraphs 4.5, 4.6 and 4.7, as well as third parties acting for the account of these persons

4.9. Apart from investors convicted of criminal offence pursuant to the Prevention and Suppression of Money Laundering Activities Law of 2018, investors-clients of the Company responsible for facts pertaining to the member of the Fund that have caused its financial difficulties or have contributed to the worsening of its financial situation, or which have profited from these facts

4.10. 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

4.11. Other undertakings belonging to the same Group.

In the cases of the above paragraphs 4.5, 4.6, 4.7, 4.8 and 4.11 the ICF suspends the payment of compensation, informing the interested parties accordingly, until it reaches a final decision as to whether such cases apply.

5. Compensation Payment Procedure

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

5.1. The CySEC has determined that the Company, which is subscribed to the Fund, is unable, at present, 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;

5.2. A court of the Republic, on reasonable grounds directly related to the financial circumstances of the Company, which is subscribed to the Fund, issued a ruling which has the effect of suspending the investors' ability to lodge claims against the Company.

Upon the commencement of the compensation payment process, 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.

6. Payable Compensation

6.1. 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 the claims between the covered client and the Company.

6.2. 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 it is a beneficiary, the currency and place of provision of these services.

6.3. The maximum amount of compensation payable equals €20,000 or 90% of the covered investor's claim, whichever is lower.