

INVESTOR COMPENSATION FUND POLICY

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INFORMATION TO CLIENTS OF TOPFX LTD IN RELATION TO THE INVESTOR COMPENSATION FUND FOR CUSTOMERS OF CYPRIOT INVESTMENT FIRMS (CIFs)

1. INTRODUCTION

TopFX LTD (hereinafter called the "Company"), is a Cypriot Investment Firm ("CIF"), incorporated in the Republic of Cyprus with registration number HE 274180, its headquarters are at Office 502, 5th Floor, Troodous 2, KSENOS building, Agios Athanasios, Limassol, 4105, Cyprus and is authorized and regulated by the Cyprus Securities and Exchange Commission ("CySEC") under license number 138/11.

In accordance with Article 15(1) of the of the Investment Services and Activities and Regulated Markets Law of 2017, L.87(I)/2017, (the "Law") a CIF must be a member of an authorized investor compensation scheme in order to be allowed to provide investment services and ancillary services.

In the light of the above, the Company is a member of the Investor Compensation Fund (the "Fund") for Customers of CIFs and other Investment Firms ("IFs") which are not credit institutions which was established by the Law and its powers and functions are regulated by the provisions of the Law and of the Directive DI87-07 of the CySEC for the Operation of the Investor Compensation Fund (the "Directive").

The purpose of the Fund is to secure the claims of covered clients against the Funds members through the payment of compensation, if the necessary preconditions are fulfilled.

2. COVERED SERVICES

The Fund covers the following investment and ancillary services of the Company:

1. Reception and transmission of orders in relation to one or more financial instruments.
2. Execution of orders on behalf of clients.
3. Portfolio Management
4. Dealing on Own Account
5. Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management.
6. Granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction.
7. Foreign exchange services where these are connected to the provision of investment services.

In the following financial instruments:

a. Transferable securities.

b. Money-market instruments.

c. Units in collective investment undertakings.

d. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash.

e. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event).

f. Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market or/and an MTF.

g. Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in paragraph 6 of part III of the Law and not being for commercial purpose, which have the characteristics of other derivative financial instrument, having regard to whether, inter alia, they are cleared and settled through recognised clearing houses or are subject to regular margin calls.

h. Derivative instruments for the transfer of credit risk.

i. Financial contracts for differences.

j. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event), as well as any other derivative contract relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Part, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market or an MTF, are cleared and settled through recognised clearing houses or are subject to regular margin calls.

3. COVERED CLIENTS

The Fund covers all the retail clients of the Company. This excludes Professional Clients and Eligible Counterparties.

Further under the provisions of the Regulation, the Fund does not compensate the following investor categories:

1. The following categories of Institutional (Eligible Counterparties) and professional investors:
   a) Investment Firms (IFs),
   b) Legal entities associated with the Company and, in general, belonging to the same group of companies,
   c) Banks,
   d) Cooperative credit institutions,
   e) Insurance companies,
   f) Collective investment organizations in transferable securities and their management companies,
   g) Social insurance institutions and funds,
   h) Investors characterized by the Company as professionals, upon their request
2. States and supernational organizations.
3. Central, federal, confederate, regional and local administrative authorities.
4. Enterprises with close ties with the Company, as per the interpretation of the term “close link” in Article 2(1) of the Law.
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 investments in enterprises connected with the Company and, in general, of the group of companies, to which the Company belongs, or positions and 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) above, as well as third parties acting on behalf of these persons.
9. Investors involved in money laundering activities or investors responsible for the financial difficulties of the Company or have contributed to the worsening of the Company financial situation or which have profited from these facts/activities.
10. Other companies of the Group.

11. Companies (investors) which due to their size are not allowed to draw a summary balance sheet in accordance with the Companies Law or 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.

4. OBJECT OF THE FUND

The main object of the Fund is to secure the claims of the covered customers against the Company by the payment of compensation for their claims arising from the covered services provided by its members, so long as failure by the Company to fulfill its obligations has been ascertained.

The term failure denotes the inability of the Company:

a) either to repay the funds owed to covered customers or belonging to them and which the Company holds, on their behalf in connection with investment operations; or

b) to return to covered customers any financial instruments belonging to them and which the Company holds, manages or administrates on their behalf in connection with investment operations;

in accordance with the legal and contractual conditions applicable.

The payment of compensation by the Fund to the customers of its members is subject to the existence of a well-founded claim by the customer against the member of the Fund.

5. PRECONDITIONS FOR THE INITIATION OF THE COMPENSATION PAYMENT PROCEDURE BY THE FUND

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

a) The CySEC has determined by resolution that the Company appears for the time being, for reasons directly related to its financial circumstances, to be unable to meet its obligations arising out of investors' claims and has no early prospect of being able to do so;

or

b) A Court of the Republic, has made a ruling, for reasons directly related to the financial circumstances of the Company which has the effect of suspending investors' ability to make claims against the Company.

Upon issuance of a decision by the CySEC or by the Court in accordance with points (a) and (b) above respectively, on the commencement of the compensation payment procedure the Fund shall publish as soon as possible in at least two national newspapers, an invitation to covered clients to submit applications for compensation, designating the procedure for the submission of the relevant applications, the deadline for their submission and their content.

6. AMOUNT OF PAYABLE COMPENSATION

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 setoff rules applied for the calculation of the 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 amount of cover will be, either the 90% of the cumulative covered claims of the covered investor, or the amount of €20.000, whichever is lower regardless of the number of accounts held, currency and place of offering the investment service.

7. FURTHER INFORMATION

For further information regarding the Fund, its functions and/or its procedures please visit CySEC's website at **https://www.cysec.gov.cy/en-GB/investor-protection/tae/** or please contact us via email at: **support@topfx.com**