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## 2. CLIENT COMPLAINTS POLICY

### 2.1. Introduction

L.F. Investment Limited (hereinafter, “the Company”) is an Investment Firm regulated by the Cyprus Securities and Exchange Commission (hereinafter, “CySEC”) with licence number 271/15.

The Client Complaint Policy (hereinafter, the “Policy”) sets out the processes employed when dealing with complaints received from Clients. A Client complaint is an expression of dissatisfaction by a Client regarding the provision of investment and/or ancillary services by the Company.

This Policy is an adjunct to the Company’s overarching general obligation to act honestly, fairly and professionally and in the best interests of its Clients and to comply, in particular, with the principles set out in the above legislation when providing investment services and other ancillary services.

### 2.2. Procedure

A Client can file a complaint by contacting the Company at [complaints@purple-trading.com](mailto:complaints@purple-trading.com) providing at a minimum the below listed information.

- the identity of the Client who filed the complaint
- the details of the complaint – full description including any the extent in financial terms of the potential loss that the Client claims has suffered

### 2.3. Resolving clients’ complaints

Following the receipt of a complaint, by the Company, the Administration/Back Office Department shall confirm to the Client the receipt of the complaint and immediately make efforts to resolve the complaint within 5 working days.

If the issue has not been resolved within 5 working days, the Client shall be informed from the Company that an initial answer/response to the complaint at hand should be expected four (4) weeks since the receipt of the complaint and that the Company will aim that the complaint or grievance is resolved within eight (8) weeks from its receipt.

If more than eight (8) weeks have passed from the date the complaint was filed and the Client has not received a final response, or the Client is dissatisfied with the final response received



from the Company, then the Client is entitled to refer the complaint to the Financial Ombudsman of which the details are provided below.

Mailing Address: 13 Lord Byron Avenue, 1096 Nicosia, Cyprus

Contact telephone number: +357 22848900

Facsimile (Fax) numbers: +357 22660584, +357 22660118

Contact E-mails: [complaints@financialombudsman.gov.cy](mailto:complaints@financialombudsman.gov.cy),

[fin.ombudsman@financialombudsman.gov.cy](mailto:fin.ombudsman@financialombudsman.gov.cy)

Website: [www.financialombudsman.gov.cy](http://www.financialombudsman.gov.cy)

It is noted that by filing a complaint with our Company, the Client maintains all his/her legal rights to maintain your complaint via alternative means e.g. through the Cyprus Securities and Exchange Commission, the Financial Ombudsman of Cyprus, ADR Mechanism, or the relevant Courts. It is noted that Cyprus Securities and Exchange Commission does not have any restitution powers.

Moreover, the Company shall provide to the Commission information of all complaints received and the way these are handled.



### 3. CONFLICTS OF INTEREST POLICY

#### 3.1. Introduction

L.F. Investment Limited (hereinafter, “the Company”) is an Investment Firm regulated by the Cyprus Securities and Exchange Commission (hereinafter, “CySEC”) with licence number 271/15.

The Conflicts of Interest Policy (hereinafter, the “Policy”) is issued pursuant to, and reflects compliance with the Investment Services and Activities and Regulated Markets Law of 2017 - Law 87(I)/2017 (hereinafter, the “Law”) its directives and circulars issued thereof.

This Policy is an adjunct to the Company’s overarching general obligation to act honestly, fairly and professionally and in the best interests of its Clients and to comply, in particular, with the principles set out in the above legislation when providing investment services and other ancillary services.

#### 3.2. What is a conflict of interest

A conflict of interest arises where there is a reason within the Company’s control that prevents it from putting the interests of its Clients before those of the Company and its employees, or the interests of one Client or group of Clients ahead of another Client. In such a situation, the Company must pay due regard to the interests of each Client and manage any potential conflicts of interests accordingly.

The underlying principle that must be followed at all times is that the interests of a Client must always be put before the interests of the Company and/or its employees. A conflict may exist, or be perceived to exist, if an employee’s activity is, or may reasonably give the appearance of being, inconsistent with the best interests of the Company’s Clients.

#### 3.3. Criteria of identifying conflicts of interest

The Company takes all reasonable steps to identify conflicts of interest situations between the Company and its employees/relevant persons (for definition see Appendix), the Company and its Clients or between its Clients during the course of the provision of investment and ancillary services.

It is the duty of the Compliance Officer to abide by the following principles and act in such a way by continuously developing, designing and re-designing the appropriate procedures of the Company, so as to prevent and resolve potential conflicts of interest.



The Head of each Department/Function of the Company is also responsible to identify, prevent and manage conflicts of interests in its Department/Function and to duly report the details of the conflicts of interest identified to the Compliance Officer accordingly.

For the purposes of identifying the types of conflict of interest that arise in the course of providing investment and ancillary services or a combination thereof and whose existence may damage the interests of a Client, the Company takes into account, by way of minimum criteria, the question of whether the Company itself or a relevant person, or a person directly or indirectly linked by control to the Company, is in any of the following situations, as a result of providing investment or ancillary services or otherwise:

- The Company is likely to make a financial gain, or avoid a financial loss, at the expense of the Client.
- The Company or that person has an interest in the outcome of a service provided to the Client or of a transaction carried out on behalf of the Client, which is distinct from the Client's interest in that outcome.
- The Company or that person has a financial or other incentive to favor the interest of one Client over another.
- The Company or that person carries on the same business as the Client.
- The Company or that person receives, from a person other than the Client, an inducement in relation to a service provided to the Client, in the form of monies, goods or services, other than the standard commission or fee for that service.

### **3.4. Identification of possible conflict of interest risks**

The Company's Policy, in general, is to identify with reference to the investment and ancillary services carried out by the Company, the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more Clients specify procedures followed and measures adopted in order to manage such conflicts.

When the Company deals with the Client, the Company, an associate or some other person connected with the Company may have an interest, relationship or arrangement that is material in relation to the Transaction concerned or that it conflicts with the Client's interest. While it is not feasible to define precisely or create an exhaustive list of all relevant conflicts of interest that may arise, as per the current nature, scale and complexity of the Company's business, the following list includes circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more Clients, as a result of providing investment services:

- (a) The Company may receive or pay inducements to or from third parties due to the referral of new Clients or Clients' trading



- (b) The possible use or dissemination of confidential information derived from the Reception & Transmission, Execution, or Portfolio Management departments or other business units of the Company (e.g. front running).
- (c) The simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest.
- (d) The interest of relevant persons, shareholders, directors or agents of the Company in Clients, and vice versa.
- (e) An interest in maximizing the Company's trading volumes in order to increase its commission revenue, which is inconsistent with the Client's personal objective of minimizing transaction costs.
- (f) The remuneration scheme of employees/relevant persons which may be based on the Clients' trading volumes or value of trades placed by retail clients.
- (g) The remuneration of third parties where the interest of a Client conflicts with the interest of the third party
- (h) The persons producing investment research/marketing communication and other relevant persons, whose responsibilities to business interest may conflict with the interests of the persons to whom the investment research/marketing communication is disseminated

For the purposes of identifying the types of conflict of interest that arise in the course of providing investment and ancillary services or a combination thereof and whose existence may damage the interests of a Client, the Company takes into account, whether the Company or a relevant person, is in any of the following situations, whether as a result of providing investment or ancillary services or investment activities or otherwise:

- (a) The Company or a relevant person is likely to make a financial gain, or avoid a financial loss, at the expense of the Client.
- (b) The Company or a relevant person has an interest in the outcome of a service provided to the Client or of a transaction carried out on behalf of the Client, which is distinct from the Client's interest in that outcome.
- (c) The Company or a relevant person has a financial or other incentive to favour the interest of another Client.
- (d) The Company or a relevant person participates in the same business as the Client.
- (e) The Company or a relevant person receives or will receive from a person other than the Client an inducement in relation to a service provided to the Client, in the form of monetary or non-monetary benefits or services.
- (f) The Company or the relevant person is in possession of information obtained in the ordinary course of their business which would benefit the Company or the relevant person or the Client but such information is not publicly known.



It should be noted that the above circumstances which constitute or may give rise to a conflict of interest, are not conclusive. To be conclusive, the Company will explicitly examine and investigate further each of the above circumstances on a case by case basis and undertake additional due diligence measures in order to have solid evidence that the case in question constitutes a conflict of interest, thus the necessity to act accordingly.

### **3.5. Managing conflicts of interest**

The Company maintains and operates effective organizational and administrative arrangements with a view to taking all reasonable steps designed to prevent conflicts of interest, from adversely affecting the interests of its Clients.

Where the organizational or administrative arrangements made by the Company to manage conflicts of interest, are not sufficient to ensure, with reasonable confidence, that risks of damage to Client interests will be prevented, the Company shall clearly disclose the general nature or/and sources of conflicts of interest to the Client before undertaking business on its behalf.

The Compliance Officer, ensures, by implementing appropriate procedures and measures that relevant persons engaged in different business activities that may involve a conflict of interest carry on those activities at a level of independence appropriate to the size and activities of the Company and of the Group and to the materiality of the risk of damage to the interests of its Clients.

In general, the procedures and controls that the Company follows to manage the identified conflicts of interest include the following, but not limited, measures (list is not exhaustive):

- (a) Effective procedures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more Clients.
- (b) The remuneration practices are designed in such a way so as not to create a conflict of interest or incentive for staff to favour their own, or the Company's interests to the potential detriment of any Client.
- (c) Segregation of duties that may give rise to conflicts of interest.
- (d) The Board of Directors of the Company sets out the Company's arrangements to ensure that its compensation arrangement will not give rise to conflicts of interest between the Company, its relevant persons, employees and Clients.
- (e) The Company has in place information barriers ("Chinese Walls"): No information and data are being disseminated/disclosed between the various business units of the Company and no officers and employees have access to data for which such access is not permitted. In addition, the Company ensures the physical separation of departments.



- (f) Measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out investment or ancillary services or activities.
- (g) The employees of the Company refrain from discussing confidential information in public areas such as hallways, restrooms or social gatherings.
- (h) Procedures governing access to electronic and/or in hard copy data and information. The Company ensures that documents containing confidential information are not accessible by unauthorized persons.
- (i) Prohibition of external business interests conflicting with the Company's interests as far as the Company's officers and employees are concerned, unless Board of Directors approval is provided.
- (j) The Employee Replacement Policy of the Company is strictly followed.
- (k) Establishment of in-house Compliance Function to monitor and report on the above to the Company's Board of Directors.
- (l) The Compliance Officer ensures that the Executive Directors or other hierarchical officers do not exercise inappropriate influence over the way in which a relevant person carries out the provision of investment and ancillary services. This is verified by frequent personal interviews with all Heads of the relevant Departments.
- (m) The Compliance Officer, at least once a year, verify that all employees (including newcomers) are aware of all of the above.
- (n) All certified officers of the Company become aware of the Description/Guidelines of the Company's Internal Procedures Manual and this Policy.
- (o) Appointment of Internal Auditor to ensure that appropriate systems and controls are maintained and report to the Company's Board of Directors.
- (p) Establishment of the four-eyes principle in supervising the Company's activities.
- (q) The persons providing investment services possess all necessary certificates of professional competence required for providing the relevant services from CySEC.
- (r) The Company takes all necessary steps to employ persons with the highest educational, ethical and professional courtesy standards, in line also with CySEC's Guidelines and Circulars.
- (s) The Company also undertakes ongoing monitoring of business activities to ensure that internal controls are appropriate.
- (t) The Company ensures strict implementation of the Assessment of Appropriateness in order to ensure adequate monitoring of compatibility of the provision of brokerage services to Clients, as applicable.
- (u) The Company ensures strict implementation of the Assessment of Suitability in order to ensure adequate monitoring of compatibility of the provision of Portfolio Management services to Clients, as applicable.
- (v) In case where a transaction may be in jeopardy of not being considered at an arm's length due to the involvement/participation of other Clients, the Company, relevant persons or members of the group as counterparty, agents or service providers, the





Senior Management should consider the possibility of obtaining external advice from an expert third party.

- (w) The Company employs rules and organizational arrangements in order to manage conflicts of interest which may arise from the production and/or dissemination of investment research to Clients by the Company.
- (x) The Company establishes rules which are applicable to the relevant persons who are involved in the production and/or dissemination of the investment research and other relevant persons whose responsibilities or business interest may conflict with the interest of the persons to whom the investment research is disseminated.
- (y) The Company prohibits relevant persons who are involved in the production and/or dissemination of the investment research to promise to any issuer of financial instruments that they will publish a favorable research on its behalf.

As regards to inducements, according to the relevant legislation, a Cyprus Investment Firm (CIF) will not act honestly, fairly and professionally in accordance with the best interest of a Client if (in relation to the provision of an investment or ancillary service to the Client) it pays or is paid any fee or commission, or provides or is provided with any non-monetary benefit, other than the following:

- a) a fee, commission or non-monetary benefit paid or provided to or by the Client or other person on behalf of the Client;
- b) a fee, commission or non-monetary benefit paid or provided to or by a third party or a person acting on behalf of a third party, where the following conditions are satisfied:
  - i. the existence, nature and amount of the fee, commission or benefit, or, where the amount cannot be ascertained, the method of calculating that amount, must be clearly disclosed to the Client, in a manner that is comprehensive, accurate and understandable, prior to the provision of the relevant investment or ancillary service. It is provided that the CIF may, disclose the essential terms of the arrangements relating to the fees, commissions or non-monetary benefits in summary form, provided that it undertakes to disclose further details at the request of the Client and provided that it honours that undertaking.
  - ii. the payment of the fee or commission, or the provision of the non-monetary benefit must be designed to enhance the quality of the relevant service to the Client and not impair compliance with the CIF's duty to act in the best interests of the Client.
- c) proper fees which enable or are necessary for the provision of investment services, such as custody costs, settlement and exchange fees, regulatory levies or legal fees, and which, by their nature, cannot give rise to conflicts with the CIF's duties to act honestly, fairly and professionally in accordance with the best interests of its Clients. As such, any commission paid or provided to or by a third party or a person acting on behalf of a third party (i.e. a person other than the Client) complies with the provisions of point (b) above, as applicable.



### **3.6. Disclosure of information**

This Policy is available through the Company's website, and the Client is aware of its existence and agrees to this Policy's summary prior to the signing of a service agreement with the Company.

If during the course of a business relationship with a Client or group of Clients, the organizational or administrative arrangements/measures in place which are mentioned throughout this Policy are not sufficient to avoid or manage a conflict of interest relating to that Client or group of Clients, the Company will disclose the conflict of interest before undertaking further business with the Client or group of. The Compliance Officer has the responsibility to make/oversee such communication.

### **3.7. Records**

The Company maintains and regularly updates a record of the kinds of investment or ancillary service carried out by the Company in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen or, in the case of an ongoing service or activity, may arise, as and if applicable. The Compliance Officer with the assistance of the Back Office Department is responsible for maintaining the appropriate records in this respect.

### **3.8. Appendix**

A relevant person in relation to the Company means any of the following:

- A member of the Board of Directors, partner or equivalent, manager or Tied Agent of the Company.
- A member of the Board of Directors, partner or equivalent, or manager of any Tied Agent of Company.
- An employee of the Company or of a Tied Agent of the Company, as well as any other natural person whose services are placed at the disposal and under the control of the Company who is involved in the provision by the Company of investment services or/and the performance of investment activities.
- A natural person who is directly involved in the provision of services to the Company or to its Tied Agent under an outsourcing arrangement for the purpose of the provision by the Company of investment services or/and the performance of investment activities.

### **3.9 Client consents**

By entering into a Client Agreement with the Company for the provision of Investment and/or Ancillary Services, the Client is consenting to an application of this Policy on him. Further, the Client consents to and authorises the Company to deal with the Client in any manner which the Company considers appropriate, notwithstanding any conflict of interest or the existence of any material interest in a Transaction, without prior reference to the Client. In the event that the Company is unable to deal with a conflict of interest situation it shall revert to the Client.



## 4. CLIENT CLASSIFICATION POLICY

### 4.1. Introduction

In accordance to the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/ 2017)), L.F. Investment Limited is an investment firm regulated by the Cyprus Securities and Exchange Commission under license no. 271/15 (the “Company”) is required to categorize its clients into one of the following three categories: retail, professional or eligible counterparty.

“Retail client” is a client who is not a Professional client by default, as defined further below. Retail clients are afforded with the highest level of protection.

“Professional client” is a client who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs, as further detailed below.

“Eligible counterparty” is a subset of professional clients, applicable only when the service provided to such professional client is of receiving & transmitting and/or executing orders.

### 4.2. Clients considered professional by default

Prospective clients that satisfy one or more of the following criteria shall be classified as Professional clients:

- a) Entities which are required to be authorized or regulated to operate in the financial markets such as Credit institutions; Investment firms; Other authorized or regulated financial institutions; Insurance undertakings; Collective investment schemes and management companies of such schemes; Pension funds and management companies of such funds; Commodity and commodity derivatives dealers; Locals; firms which provide investment services and/or perform investment activities consisting exclusively in dealing on own account on markets in financial futures or options or other derivatives and on cash markets for the sole purpose of hedging positions on derivatives markets or which deal for the accounts of other members of those markets or make prices for them and which are guaranteed by clearing members of the same markets, where responsibility for ensuring the performance of contracts entered into by such firms is assumed by clearing members of the same markets Other institutional investors.
- b) Large undertakings meeting two of the following size requirements, on a proportional basis:
  - Balance sheet total at least EUR 20.000.000
  - Net turnover at least EUR 40.000.000
  - Own funds at least EUR 2.000.000.



- c) National and regional governments, public bodies that manage public debt, central banks, international and supranational institutions such as the World Bank, the International Monetary Fund (IMF), the European Central Bank (ECB), the European Investment Bank and other similar international organizations.
- d) Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitization of assets or other financing transactions.

The entities mentioned above are considered to be professionals. They are however allowed to request non-professional treatment and the Company may agree to provide a higher level of protection. Where the client fulfils one of the criteria referred to above, the Company shall inform the client prior to any provision of services that, on the basis of the information available to the Company, the client is deemed to be a professional client and will be treated as such unless the Company and the client agree otherwise. The Company shall also inform the client that he can request a variation of the terms of the agreement in order to secure a higher degree of protection.

It is the responsibility of the client, considered to be a professional client, to ask for a higher level of protection when it deems it is unable to properly assess or manage the risks involved.

This higher level of protection will be provided when a client who is considered to be a professional enters into a written agreement with the Company to the effect that it shall not be treated as a professional for the purposes of the applicable conduct of business regime. Such agreement shall specify whether this applies to one or more particular services or transactions, or to one or more types of product or transaction.

### **4.3. Clients treated professional on request**

Clients other than those mentioned above, including public sector bodies and private individual investors, are also allowed to waive some of the protections afforded by the conduct of business rules of the Company.

The Company shall treat any of the above clients as professionals provided the relevant criteria and procedures mentioned below are fulfilled. These clients should not, however, be presumed to possess market knowledge and experience comparable to that of the categories listed above. Any such waiver of the protection afforded by the standard conduct of business regime shall be considered valid only if an adequate assessment of the expertise, experience and knowledge of the client, undertaken by the Company, gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the client is capable of making his own investment decisions and understanding the risks involved.



The fitness test applied to managers and directors of entities licensed under European Union Directives in the financial field could be regarded as an example of the assessment of expertise and knowledge. In the case of small entities, the person subject to the above assessment should be the person authorized to carry out transactions on behalf of the entity.

In the course of the above assessment, as a minimum, two of the following criteria should be satisfied:

- the client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters;
- the size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds 500,000 Euros;
- the client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged.

The clients defined above may waive the benefit of the detailed rules of conduct only where the following procedure is followed:

- The client must state in writing to the Company that it wishes to be treated as a professional client, either generally or in respect of a particular investment service or transaction, or type of transaction or product.
- The Company shall give the client a clear written warning of the protections and investor compensation rights they may lose.
- The client must state in writing, in a separate document from the contract, that it is aware of the consequences of losing such protections.
- Before deciding to accept any request for waiver, the Company shall take all reasonable steps to ensure that the client requesting to be treated as a professional client meets the relevant requirements stated above.

The Company maintains appropriate written internal policies and procedures to categorize clients. Professional clients are responsible for keeping the Company informed about any change which could affect their current categorization. However, should the Company become aware that the client no longer fulfils the initial conditions which made him eligible for a professional treatment, the Company shall take appropriate action.

#### **4.4. Eligible counterparties**

An Eligible Counterparty is an undertaking which falls within categories (a), (b) and (c) of the clients who are considered to be Professionals by default.

Further, the Eligible Counterparty category is applicable only for the following investment services and activity: Reception and transmission of client orders and Execution of orders on behalf of clients.



On request, the Company may also recognize as an Eligible Counterparty corporate undertakings which fall within a category of clients who are to be considered professional clients in accordance to the fitness test. In such cases, however, the undertaking concerned shall be recognized as an Eligible Counterparty only in respect of the services or transactions for which it could be treated as a professional client.

In the event of a transaction where the prospective counterparty is located in another Member State of the European Economic Area (EEA), the Company shall defer to the status of the other undertaking as determined by the legislation of the Member State in which that undertaking is established.

#### **4.5. Request for different categorization and protection rights treated professional on request**

The following requests may be submitted to the Company should a client wish to change its categorization:

- (a) A retail client can request to be categorized as a professional client, by following the relevant procedure. In this situation, the client accepts a lower level of protection.
- (b) A professional client can request to be categorized as a retail client. In this situation, the client may be provided with a higher level of protection.
- (c) An eligible counterparty can request to be categorized as a professional client or a retail client. In this situation, the client may be provided with a higher level of protection.

It is noted that the Company is not required to agree with a request for non-professional or non-Eligible Counterparty treatment. In addition, the Company may, on its own initiative, treat as a professional or retail client an eligible counterparty or treat as a retail client a professional client.

#### **4.6. Protection rights**

Where the Company treats the client as a Retail client, the client is entitled to more protections under the law than if the client was treated as a Professional client. In summary, the protections Retail clients are entitled to, are as follows (the list may not be exhaustive):

- (a) A Retail client will be given more information/disclosures with regard to the Company, its services and any investments, its financial instruments and their performance, the nature and risks of financial instruments, its costs, commissions, fees and charges and the safeguarding of client financial instruments and client funds, including summary details of any relevant investor compensation or deposit guarantee scheme, as applicable.
- (b) Where the Company is providing the services of Reception & Transmission of orders and/or Executing client order, the Company shall ask a Retail client to provide information regarding his knowledge and experience in the investment field relevant





to the specific type of product or service offered or demanded so as to enable the Company to assess whether the investment service or product envisaged is appropriate for the client. In case the Company considers, on the basis of the information received, that the product or service is not appropriate to a Retail client, it shall warn the client accordingly. Please note that the Company is not required to assess appropriateness in certain cases specified by the Law (for example but not limited to the situation where on an execution only basis the financial instrument concerned is not complex).

The Company shall be entitled to assume that a Professional client has the necessary experience and knowledge in order to understand the risks involved in relation to those particular investment services or transactions, or types of transaction or product, for which the client is classified as a Professional client.

Consequently, and unlike the situation with a Retail client, the Company should not generally need to obtain additional information from the client for the purposes of the assessment of appropriateness for those products and services for which they have been classified as a Professional client.

- (c) When executing orders, investment firms and credit institutions providing investment services must take all reasonable steps to achieve what is called “best execution” of the client’s orders. That is, to obtain the best possible result for their clients.
- (d) Where the Company executes an order of a Retail client, the best possible result shall be determined in terms of the total consideration, representing the price of the financial instrument and the costs related to execution, which shall include all expenses incurred by the client which are directly related to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order. The Company shall also send a notice to a Retail client confirming execution of the order as soon as possible and no later than the first business day following execution or, if the confirmation is received by the Company from a third party, no later than the first business day following receipt of the confirmation from the third party, as applicable. Professional clients are also entitled to a confirmation for the execution of their orders however there is no specific timeframe involved as to when the Professional client will receive this information. Nevertheless, this confirmation shall be provided promptly.
- (e) The Company must inform Retail clients of material difficulties relevant to the proper carrying out of their order(s) promptly upon becoming aware of the difficulty.
- (f) The Company is required to provide Retail clients with more information than Professional clients as regards the execution of their orders.
- (g) The Company is obliged to enter into a written basic agreement with the Retail clients, setting out the essential rights and obligation of the Company and the client.
- (h) Retail clients may be entitled to compensation under the Investor Compensation Fund for clients of Investment Firms, while, Professional clients are not entitled to compensation under the said fund.

Where the Company categorizes the client as an Eligible Counterparty, the client will be entitled to fewer protections under the law than he would be entitled to as a Professional client. In particular, and in addition to the above (the list may not be exhaustive):

- (a) The Company is not required to provide the client with best execution in executing the client’s orders.



- (b) The Company is not required to implement procedures and arrangements which provide for the prompt, fair and expeditious execution of its client orders, relative to other client orders.
- (c) The Company is not required to assess the appropriateness of a product or service that it provides to the client but can assume that the client has the expertise to choose the most appropriate product or service for him.
- (d) The Company is not required to provide the client with information about the Company, its services, financial instruments and proposed investment strategies, execution venues, the arrangements through which the Company will be remunerated and other relevant information.
- (e) The Company is not required to provide reports to the client on the execution of his orders.
- (f) The Investors Compensation Fund does not cover Eligible Counterparties.

This Policy is available through the Company's website, and the Client is aware of its existence and agrees to this Policy's summary prior to the signing of a service agreement with the Company.





## 5. INVESTOR COMPENSATION FUND POLICY

### 5.1. Introduction

L.F. Investment Limited (hereinafter called the “Company”) is a member of the Investor Compensation Fund (hereinafter called the “ICF”). The objective of the ICF is to secure any claims of covered clients against members of the ICF and the main essence of the ICF is to compensate covered clients for any claims arising from the inability by a member of the ICF to fulfil its obligations despite whether that obligation arises from legislation, the client agreement or from wrongdoing on the part of the member of the ICF.

Failure to execute its obligations consists of the following:

- 1) Failure to return to a covered client funds owed to them or funds which belong to them but are held by a member of the ICF, directly or indirectly, in the framework of the provision by the member of the ICF to the client of a covered service and which the client has requested that the member of the ICF returns in exercise of their relevant right; or
- 2) Failure to return to a covered client financial instruments which belong to them and which the member of the ICF holds, manages or keeps on its account, including the case where the member of the ICF is responsible for the administrative management of the said financial instruments.

The Company’s Clients have 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 other insurance cover.

Covered Services are the investment services listed on the Company’s license (license number 271/15) issued by the Cyprus Securities and Exchange Commission (“CySEC”).

### 5.2. Covered clients

The Company’s Clients are categories all covered by the ICF **unless** they fall within the following categories:

- 1) The following categories of institutional and professional investors
  - a) Investment Firms.
  - 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
- 2) States and supranational organization.
- 3) Central, federal, confederate, regional and local administrative authorities
- 4) Enterprises associated with the Company
- 5) All staff of the Company inclusive of Managerial and Administration staff
- 6) Shareholders of the Company whose participation directly or indirectly in the capital of the member of the ICF amounts to at least 5% of its share capital, or its partners who are personally liable for the obligations of the member of the ICF, as well as persons responsible for the carrying out of the financial audit of the member of the ICF as provided by the Law, such as qualified auditors
- 7) Investors having an enterprise 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) Apart from investors convicted of a criminal offence pursuant to the Prevention and Suppression of Money Laundering Activities Law of –2007, as amended or replaced, investor-clients of the Company responsible for facts pertaining to the Company that has caused its financial difficulties or has 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.

### **5.3. Procedure for decision to commence the compensation payment process**

The ICF will commence the compensation payment process in at least one of the following circumstances:

- 1) CySEC has determined by Resolution that a member of the ICF is unable to meet client claims provided that this inability is a result from its financial circumstances which show no prospect of improving in the near future; or
- 2) A judicial authority has on reasonable grounds directly related to the financial circumstances of the member issued a ruling with the effect that investors ability to lodge claims against it are suspended or that a well-founded claim by a client exists then the compensation payment procedure will commence.
- 3) The fulfilment of the precondition referred to in paragraph 1 above is presumed:
  - a) If the member of the ICF submits to the ICF or to CySEC a written statement declaring its failure to fulfil its obligations toward its clients;
  - b) If the member of the ICF files an application for liquidation in accordance with the provisions of Part V of the Companies Law, or
  - c) If CySEC has revoked or suspended the Company's authorization to provide investment services and ascertains that the Company is not expected to be in a position to fulfil its obligations toward its clients in the near future, for reasons which do not concern a temporary lack of liquidity which can be dealt with immediately.



Upon issuing a decision to initiate the compensation payment process, the ICF will publish, in at least three newspapers of national coverage as well as in the Official Gazette of the Republic of Cyprus, an invitation to the covered clients to make their claims. In that invitation a procedure for submission of the relevant applications, a deadline for submission and the content will be outlined.

The compensation applications of covered clients with which they make their claims against the member of the ICF are submitted to the ICF in writing. The compensation applications must include:

- a) the name of the claimant;
- b) the address, telephone and fax numbers as well as any email address of the claimant;
- c) the client code that the claimant had with the member of the ICF;
- d) the particulars of the covered services agreement between the ICF and the claimant;
- e) the type and amount of the alleged claims of the claimant;
- f) the exposition of the particulars from which the alleged claims of the claimant and their amount are derived; and
- g) any other information the ICF will request.

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

- a) the claimant falls within the category of covered clients;
- b) the application was timely submitted;
- c) the ICF shall pay no compensation in respect of claims arising out of transactions involving individuals convicted of a criminal offence pursuant to the Prevention and Suppression of Money Laundering Activities Law of 2007, as amended or replaced; and
- d) the conditions for the valid submission of compensation applications are fulfilled.

The Administrative Committee rejects the application in case the claimant does not fulfil the conditions of points (a) to (d) of the paragraph immediately above or, if at the Administrative Committee's discretion, exists at least one of the following reasons:

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

Upon completion of the valuation, the ICF:



- a) Issues minutes listing the clients of the member of the ICF which are compensation beneficiaries along with the amount of money each one of them is entitled to receive, and, communicates it to CySEC and the member of the ICF within five working days from its issue; and
- b) Communicates to each affected client its finding no later than fifteen days from the issue of the aforementioned minutes determining the total compensation amount this client is entitled to receive.

#### **5.4. Amount of compensation**

The company's books will be used together with supporting evidence to ascertain the claims of a member and the amount payable will be calculated in accordance with the legal and contractual terms governing the relation of the client with the member of the ICF subject to set-off rules. The calculation of compensation payable will derive from the sum of the total established claims of the covered client arising from all covered services provided, regardless of the number of accounts of which it is a beneficiary, the currency and the place of provision of these services. If the claim exceeds €20,000 then the claimant is only entitled to receive a maximum of the equivalent of €20,000.

#### **5.5. Disclosure of information**

This Policy is available through the Company's website, and the Client is aware of its existence and agrees to this Policy's summary prior to the signing of a service agreement with the Company.



## 6. ORDER EXECUTION POLICY

### 6.1. Introduction

This Summary Best Interest and Order Execution Policy (“the Policy”) is an appendix to the Services Agreement and is provided to you (Client or prospective Client) in accordance with the the Markets in Financial Instruments Directive (MiFID II) in the European Union and its transposition in Cyprus with Law 87(I)/ 2017, (“the Law”), pursuant to which L.F. Investment Limited (“the Company”) is required to take all reasonable steps to act in the best interest of its Clients when receiving and transmitting their Client Orders and to achieve the best execution results when executing their Client Orders and when providing the investment service of Portfolio Management, as well as to comply, in particular, with the principles set out in the Law when providing investment services.

### 6.2. Scope

This Policy applies to Retail and Professional Clients, as well as to Eligible Counterparties (as defined in the Company’s Client Classification Policy). The application of this Policy to all the Company’s Clients is for the Clients to ensure that the Company to which orders are transmitted for execution has execution arrangements that enable them to comply with their ‘duty to act in the best interest of Clients and best execution’ obligations for their Clients.

### 6.3. Best execution factors

The Company shall take all reasonable steps to obtain the best possible results for its Clients taking into account the following factors when dealing with Clients orders: price, costs, speed, likelihood of execution and settlement, size, market impact or any other consideration relevant to the execution of the order. The Company does not consider the above list exhaustive and the order in which the above factors are presented shall not be taken as priority factor.

- (a) Price: For any given CFD, the Company will quote two prices: the higher price (ASK) at which the Client can buy (go long) that CFD, and the lower price (BID) at which the Client can sell (go short) that CFD. Collectively, the ASK and BID prices are referred to as the Company’s price. The difference between the lower and the higher price of a given CFD is the spread. The Company’s execution price for a given CFD is set by reference to the price of the relevant underlying asset, which the Company obtains from the relevant liquidity provider. The Company’s post trade prices can be found on the reporting system the Client is using. Pre trade indicative prices are streamed by the Client’s technology provider directly to the Client’s trading platform/system. The Company updates its liquidity providers’ prices as frequently as the limitations of technology and communications links allow. The Company reviews its liquidity provider’s prices from time to time to ensure that the data obtained continues to remain competitive. In any manner, the Company will not quote any price



outside the Company's operations time, therefore no orders can be placed by the Client during that time.

- (b) **Costs:** For opening a position in some types of CFDs the Client may be required to pay commission, spread or financing fees. Commissions may be charged either in the form of a percentage of the overall value of the trade or as fixed amounts per units of volume traded. In the case of financing fees, the value of opened positions in some types of CFDs is increased or reduced by a daily financing fee "swap rate" throughout the life of the contract. Financing fees are based on prevailing market interest rates, which vary over time. For the CFDs that the Company offers, the commission or financing fees may not be incorporated into the Company's quoted price and are instead charged explicitly to the Client account. Details of commission, spread or financing fees applied are specified under the Company's Trading Terms Scheme which shall be duly communicated to the Client and are available on the Company's website.
- (c) **Speed of Execution:** The Company acts as an agent on the Client's behalf. The Company does not execute the Client Order as a principal to principal against the Client, i.e. the Company is not the Execution Venue (as defined in Commission Directive 2006/73/EC implementing MiFID) for the execution of the Client's CFD. Therefore, the Company transmits Client Orders or arranges for their execution with the third party liquidity providers it is collaborating with. However, the Company places a significant importance when executing Client's orders and strives to offer high speed of execution within the limitations of technology and communications links.
- (d) **Likelihood of Execution:** When the Company transmits Orders for Execution the likelihood of execution depends on the availability of prices of the liquidity providers. In some case it may not be possible to arrange an Order for execution, for example (but not limited to) in the following cases: during news times, during trading session start moments, during volatile markets where prices may move significantly up or down and away from declared prices, where there is rapid price movement, where there is insufficient liquidity for the execution of the specific volume at the declared price, when a force majeure event has occurred etc. In the event that the Company is unable to proceed with an Order with regard to price or size or other reason, the Company will not send a re-quote to the Client with the price it is willing to deal, so the Order will not be executed.

The Company may in its sole discretion, while making reasonable efforts for post-notification, alter transactions, not transmit, not execute or cancel an executed transactions if: (a) the transactions were executed by arbitrage/exploitation of market failures or off market rates; (b) a technical problem withheld the transaction from being executed as desired; (c) a liquidity provider has cancelled or altered the transaction with the Company; and/or (d) the transaction covering was failed or partially executed with the liquidity provider. The Company is also entitled, at any time and at its discretion, without giving any notice or explanation to the Client, to decline or refuse to transmit or arrange for the execution of any Order or Request or Instruction of the Client in circumstances explained in the Client Agreement/General Terms and Conditions.



- (e) Likelihood of settlement: The Financial Instruments offered by the Company, CFDs, do not involve the delivery of the underlying asset, so there is no settlement as there would be for example if the Client had bought shares.
- (f) Size of order: The actual minimum size of an order is different for each type of account. A lot is a unit measuring the transaction amount and it is different for each type of CFD. For the value of minimum and maximum size of an order and each lot for a given CFD type, please refer to the Trading Terms Scheme and Procedures, which shall be duly communicated to the Client. The Company reserves the right to change any contract specifications at any time depending on the market situation and risk management policy with no prior notification, but after making available to the Clients the changes through the website or in a durable medium. For this reason, the Client is responsible to check for changes in the contract specifications every time before placing a new order.
- (g) Market Impact: Some factors may rapidly affect the price of the underlying instruments/products from which the Company's quoted price is derived and may also affect other factors listed herein. The Company will take all reasonable steps to obtain the best possible result for its Clients.

Whenever there is a specific instruction from the Client, the Company shall make sure that the Client's order shall be executed following the specific instruction.

Warning: any specific instructions from a Client may prevent the Company from taking the steps that it has designed and implemented to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.

The Company provides to its Clients access to a number of liquidity providers, in order to ensure the highest possible liquidity in the market. The Company cannot and do not, however, guarantee that its quoted prices will be at a price which is as good, or better, than one might have been available elsewhere.

#### **6.4. Best execution criteria**

The Company will take into account the best execution criteria for determining the relative importance of the execution factors:

- The characteristics of the client
- The characteristics of the client order
- The characteristics of the financial instruments that are the subject of that order
- The best possible result will be determined in terms of the total consideration, representing the price of the contract and the cost related to execution. The other execution factors of speed, likelihood of execution size, nature or any other relevant consideration will, in most case, be secondary to price and cost considerations, unless they would deliver the best possible result for the client in terms of total consideration.





For Retail Clients, the best possible result shall be determined in terms of the total consideration, representing the price of the financial instrument and the costs related to execution, which shall include all expenses incurred by the Client which are directly related to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order. It should be noted that the Company does not receive any remuneration, discount or non-monetary benefit for routing Client orders to a particular trading venue or execution venue which would infringe the requirements on conflicts of interest or inducements.

### **6.5. Client specific instructions**

Whenever there is a specific instruction from or on behalf of a Client, the Company shall arrange – to the extent possible – for the execution of the Client order strictly in accordance with the specific instruction. It is noted that the specific instruction may prevent the Company from taking the steps in the Policy to obtain the best possible result for the Client. Trading rules for specific markets or market conditions may prevent the Company from following certain of the Client's instruction. To the extent that a Client's instruction is not complete, the Company will determine any non-specified components of the execution in accordance with this Policy or reject the instruction.

### **6.6. Execution of client orders**

Clients' orders shall be transmitted to the Company's system from the Client's system by electronic means. The Company may also, at its sole discretion and during its working hours, receive Client's specific instructions regarding transaction execution via the following means: telephone, fax and/or electronic mail to the brokerage department, subject to the terms of this Policy and the Services Agreement. Such instructions will not impose any obligation upon the Company to execute these instructions.

The Company shall satisfy the following conditions when carrying out Client orders:

- (a) ensures that orders executed on behalf of Clients are promptly and accurately recorded and allocated;
- (b) carries out otherwise comparable Client orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the Client require otherwise;
- (c) informs all its Client about any material difficulty relevant to the proper carrying out of orders, within reasonable timeframe, upon becoming aware of the difficulty.





### **6.7. Execution venues**

Execution Venues are the entities with which the Orders are placed. The Company is engaged with a number of liquidity providers which act as the Execution Venues for Client Orders and which shall be duly communicated to the Client upon request.

In more detail the Company's liquidity providers are the following:

- IS Prime Limited (licensed and regulated by the UK Financial Conduct Authority);
- LMAX Limited (licensed and regulated by the UK Financial Conduct Authority);
- FXOpen Ltd (licensed and regulated by the UK Financial Conduct Authority);

The Client acknowledges that the transactions entered in CFDs with the Company are not undertaken on a recognized exchange, rather they are undertaken over the counter (OTC) and as such they may expose the Client to greater risks than regulated exchange transactions. Therefore, the Company may not manage to have an Order executed, or it may change the opening (closing) price of an Order in case of any technical failure of the trading platform or quote feeds.

Further to this, the Client agrees to the fact that his orders will be executed outside Regulated Market (e.g. Licensed European Stock Exchange) or a Multilateral Trading Facility (e.g. European Financial Trading System).

### **6.8. Client consent**

By entering a Services Agreement with the Company for the provision of Investment Services, the Client is consenting to an application of this Policy on him.

### **6.9. Amendment of the policy and additional information**

The Company reserves the right to review and/or amend the Policy and arrangements whenever it deems this appropriate without notice to the Client. The last and current version in force shall be the one posted by the Company in its website.

Should you require any further information and/or have any questions about the Policy please direct your request and/or questions to [support@purple-trading.com](mailto:support@purple-trading.com)



## 7. PRIVACY POLICY

This Privacy Policy (“Policy”) explains the privacy practices employed by L.F. Investment Limited (the “Company”) in providing the Service (as they defined in the services agreement) to its customers (“Client”), and shall be read in the light of the services agreement held between the parties.

### 7.1. Introduction

The Client’s privacy is important to the Company, therefore the Company shall treat all information collected by, or transmitted to, the Company with care, in particular, personally identifiable information, and this Policy describes how, when, and why the Company shall collect such information. “Personally identifiable information” (or “Personal Information”) means any information that may be used, either alone or in combination with other information, to personally identify, contact or locate any employee, representative and third party associated with the Client (collectively referred as “User”).

Personal Information includes, but is not limited to, a first and last name, ID numbers, financial data (including trading data, deposits, withdrawals, and credit), email and physical addresses, and other contact information. Any information that does not enable identification, location, or contacting of the User, such as aggregated information, is “Anonymous Information”, and the Company may process (defined below) Anonymous Information in any way it so chooses without prior notice the Client.

### 7.2. Consent, notification and modification

By subscribing to and/or using (collectively, “Using” or “Use”) the Service, the Client express his consent to the terms of this Policy. If the Client does not agree to the terms and provisions of this Policy the Client shall not Use the Service.

In addition, as a recipient of our Service, the Client commits to provide appropriate notice of its privacy practices to, and obtain the necessary permissions and consent from any User whose Personal Information is collected, received, used, and/or disclosed (collectively, “Process(ed)”) by the Company.

The Company reserves the right, in its discretion, to change this Policy at any time, which change shall be effective ten (10) days following the posting of the changed Policy on the Company’s website, and the Client’s continued Use of the Service shall constitute consent to the terms and provisions of the changed Policy.



### **7.3. Collection and receipt of information**

The Company collects and receives Personal Information pertaining to the User. This occurs since, as part of the Service, the Company may use hosting services for some or all of the Services, resulting in Personal Information being routed to the Company from its production servers. The Company also collect and receive Personal Information relating to Users for the purposes of communication with the Company and the general provision of the Service.

The Company's Technology provider may also use "cookies" and other tracking technologies to collect Anonymous Information. A "cookie" is a small text file that may be used, for example, to collect information about the User's activity in relation to the Services and it may serve to recall Personal Information previously indicated by a User, such as his/her user ID and password for access to the Service(s). In particular, the Company's technology providers might be using "Flash Cookies" and/or local storage technologies to help users access the Client's accounts seamlessly and save their account settings to their browsers. Do note that most browsers allow controlling cookies, including whether or not to accept them and how to remove them.

### **7.4. Use and disclosure of personal information**

The Company only uses and/or discloses the Personal Information of Users for purposes or reasons that are relevant or germane to the provision of the Service.

The Company may use and/or disclose Personal Information or any information submitted via the Service if The Company has a good faith belief that such use or disclosure is helpful or reasonably necessary to (i) comply with any applicable law, regulation, legal process or governmental request, (ii) enforce the terms and conditions of our services agreement with you, including investigations of potential violations thereof, (iii) detect, prevent, or otherwise address fraud or security issues, or (iv) protect against harm to the rights, property or safety of the Company, its affiliates and shareholders, the Client, Users or the public.

### **7.5. Security**

The Company takes reasonable precautions to protect Personal Information from loss, theft, misuse, unauthorized access or disclosure, alteration, or destruction. The Company employ physical, electronic, and procedural safeguards to protect Personal Information and it does not store Personal Information for longer than necessary to provide the Service or as permitted by law.

All Personal Information collected or received is transmitted to the Company in encrypted format. The Company's datacenter(s) contain both internal and external servers. Access to the Company's internal server is restricted to pre-approved persons, servers and locations; our external servers can be accessed via the Internet.



### **7.6. Collection by third parties**

The Company may transfer Personal Information to third parties for the purposes described above. In such cases, the Company make commercially reasonable efforts so that such third parties either: (i) subscribe to privacy standards substantially similar to this Policy or agree in writing to commit to such standards; or (ii) are bound by laws providing at least the same level of privacy protection as contained in this Policy.

### **7.7. Access**

Because the Company processes Personal Information as a Service provider to the Client, and because the Company might not maintain a direct relationship with any particular User, the Client shall be held responsible for providing its Users with access to review the Personal Information held about them, allowing them to correct, amend, or delete any such information which is inaccurate or incomplete. Users should direct any questions and complaints to the Client and in any case not the Company.

### **7.8. Children's privacy**

The Service is not structured to attract individuals under eighteen (18) years of age ("Children"). The Company does not Process Personal Information of Users it actually knows to be Children.

### **7.9. Merger, sale, change of control or bankruptcy**

In the event that the Company is acquired by, or merged with a third party, or undergoes a change of control, the Company reserve the right to transfer or assign the Personal Information it had collected or received to the transferee or assignee, and such information will become subject to the privacy policy of the transferee or assignee. Should such a sale or transfer occur, the Company will use reasonable efforts to direct the transferee or assignee to use the Personal Information in a manner that is consistent with this Policy. In the event of our bankruptcy, insolvency, reorganization, receivership or other similar occurrence, the Company may not be able to control how the Personal Information held by us is treated, transferred, or used.

### **7.10. Contacting us**

Any inquiries, questions or concerns regarding Company's privacy practices or this Policy, may be addressed to: [support@purple-trading.com](mailto:support@purple-trading.com)

### **7.11. Disclosure of information**

This Policy is available through the Company's website, and the Client is aware of its existence and agrees to this Policy's summary prior to the signing of a service agreement with the Company.



## 8. RISK WARNINGS AND DISCLOSURES

This risk disclosure and warning notice, which is an appendix to the services agreement (“Agreement”), is provided to you (our Client and prospective Client) in compliance to the Investment Services and Activities and Regulated Markets Law of 2017 - Law 87(I)/2017 (“the Law”), which is applicable to L.F. Investment Limited (“the Company” or “We” or “Us”).

All Clients and prospective Clients are strongly advised to read carefully the risk disclosures and warnings contained in this document, before applying to the Company for a trading account and before they begin to trade with the Company.

It is noted however that this document cannot, and does not, disclose or explain all of the risks and other significant aspects involved when dealing in Financial Instruments. According to the Law, this notice is designed to explain in general terms the nature of the risks involved when dealing in Financial Instruments on a fair and non-misleading basis.

### 8.1. General Risk Warnings

The Client should not engage in any investment directly or indirectly in Financial Instruments unless he knows and understands the risks involved for each one of the Financial Instruments.

The Company will not provide the Client with any investment advice relating to investments or possible transactions in investments or in Financial Instruments or make investment recommendations of any kind.

Prior to signing the services agreement (the “Agreement”) with the Company, or making an order, the Client should consider carefully whether investing in a specific Financial Instrument is suitable for him in the light of his circumstances and financial resources.

If the Client does not understand the risks involved, he should seek advice and consultation from an independent financial advisor. If the Client still does not understand the risks involved in trading in any Financial Instruments, he should not trade at all.

The Client should acknowledge that he/she runs a great risk of incurring partial losses or all of his initial capital as a result of the purchase and/or sale of any Financial Instrument and accept that he is willing to undertake this risk.

### 8.2. General Risks

The Client is warned of the following general risks:



- (a) The Company does not and cannot guarantee the outcome of any investments in Financial Instruments and hence cannot guarantee the capital of the Client deposited in the trading account for trading purposes.
- (b) The Client should acknowledge that, regardless of any information which may be offered by the Company, the value of any investment in Financial Instruments may fluctuate downwards or upwards and it is even probable that the investment may become of no value.
- (c) Information of the previous performance of a Financial Instrument does not guarantee its current and/or future performance. The use of historical data does not constitute a binding or safe forecast as to the corresponding future performance of the Financial Instruments to which the said information refers.
- (d) The Client is hereby warned that the transactions in financial Instruments undertaken through the Company may be of a speculative nature and large or all losses may occur in a short period of time.
- (e) Some Financial Instruments may not become immediately liquid as a result for example of reduced demand and the Client may not be in a position to sell them or easily obtain information on the value of these Financial Instruments or the extent of the associated risks.
- (f) A Derivative Financial Instrument (i.e. option, future, forward, swap, Contract for Difference) may be a non-delivery spot transaction giving an opportunity to make profit on changes in currency rates, commodity, stock market indices or share prices called the underlying instrument. The value of the Derivative Financial Instrument is directly affected by the price of the relevant underlying instrument.

### **8.3. Risks Particularly Associated with Transactions in CFDs**

- (a) The Client must not purchase a Derivative Financial Instrument (i.e. option, future, forward, swap, Contract for Difference) unless he is willing to undertake the risks of losing partial or all the money which he has invested and also any additional commissions and other expenses incurred.
- (b) All Clients wishing to invest in Contracts for Differences (CFDs) should carefully read this part. However, it is noted that the information in this document cannot and does not disclose or explain all of the risks and other significant aspects involved in dealing in CFDs. It is emphasized that for many members of the public dealings in CFDs will not be appropriate. So, the Client should not engage in any dealings directly or indirectly in CFDs unless he knows and understands the features risks involved in them and that he may lose partial or all of his money and also be imposed of extra charges.
- (c) If the Client does not understand the risks involved in trading in CFDs, he should not trade at all.
- (d) The Client is warned of the following risks related to CFDs:
  - CFDs are derivative financial instruments, where their price is derived from the price of the underlying asset in which the CFDs refer to (for example currency pair, stocks, metals, indices etc.). Derivative financial instruments and related underlying markets can be highly volatile. The prices of CFDs and the underlying asset may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the Client or



the Company. Under certain market conditions it may be impossible for a Client's order to be executed at declared price leading to losses or be executed at all. The prices of CFDs will be influenced by, amongst other things, changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events and the prevailing psychological characteristics of the relevant underlying market place.

- Some of the CFDs underlying instruments may not become immediately liquid because of reduced demand for the underlying instrument and Client may not be able to obtain the information on the value of these or the extent of the associated risks.
- Trading in CFDs is speculative and involves a high degree of risk. Because it will be conducted using a margin (which covers only a small percentage of the value of the underlying asset being traded), as such, even small price changes in the underlying assets/products of CFD can result in significant or complete losses. You should be aware that by trading with CFDs you may lose the margin held at the Company that serves for the purposes of collateral for opening and maintaining your trading positions. You may lose more than the margin invested. Therefore, trading in CFDs is appropriate only for persons who: (a) understand and are willing to assume the economic, legal and other risks involved in such transactions; and (b) are financially able to withstand losses of their initial margin funds and any additional funds transferred to the Company to maintain their positions.
- When you engage in CFDs trading you are placing a trade in relation to movements of prices set by the Company. Prices quoted to you by the Company will include a spread, mark-up, or mark-down when compared to prices that the Company may receive or expect to receive if it were to cover transactions with you by a trade in the interbank market or with another counterparty. Be advised that the total impact of spreads may be significant in relation to the size of the margin you post and may make it more difficult for you to realise a profit from your trading. You should carefully consider the effect of spreads, mark-ups, or mark-downs on your ability to profit from trading.
- The “gearing” or “leverage” available in CFDs is a particular feature of CFD trading (i.e. the funds the Company requires you to provide when a position is opened compared to the notional size of trade you can enter into) and means that a small margin deposit can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the size of any loss or profit which can work against you as well as for you.
- You may lose more than the margin invested. The placing of certain orders (e.g. “stop-loss” or “limit” orders) that are intended to limit losses to certain amounts may not always be effective because market conditions or technological limitations may make it impossible to execute such orders. Please also note that for all orders (including guaranteed stop loss orders) you may sustain the loss (which your order is intended to limit) in a short period of time. In other cases, the execution of a Stop Loss orders may be worse than its stipulated price and the realized losses can be larger than expected.
- CFDs Transactions have a contingent liability, and the Client should be aware of the implications of this in particular the margining requirements of the Company.





Clients are required to deposit funds in their trading account in order to open a position. The Margin requirement will depend on the underlying instrument of the CFDs. Margin requirements can be fixed or calculated from current price of the underlying instrument, as per the Agreement.

- The Client is responsible to monitor himself the account and he may need to deposit additional funds to maintain his positions(s). Should the margin capital be insufficient to hold current positions open, the Client may be asked to deposit additional funds at short notice or reduce exposure. Failure to do so in the time required in the margin call may result in the liquidation of positions at a loss and the Client will be liable for any resulting deficit.
- Transactions in CFDs are not undertaken on a recognized or designated investment exchange but they are undertaken through the Company's trading systems whereby execution is effected via the Company and, accordingly, they may expose the Client to greater risks than exchange transactions. While some off-exchange markets are highly liquid, transactions in off-exchange or non-transferable derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an Open Position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid prices and Ask prices need not be quoted, and, even where they are, they will be established by the counterparty in these instruments and consequently it may be difficult to establish what is a 'fair price'.
- You may only engage in CFDs trading with the Company in the underlying assets (currencies and commodities) that are offered by the Company. The Company does not undertake to continue to offer all such underlying assets. The prices derive from the prices of the underlying assets/markets and come from the relevant liquidity provider. The Company has no control over movements in the underlying prices which may be volatile and unpredictable. Those movements will affect the Company's liquidity provider's prices, whether or not you can open or close a position and the price at which you can do so.
- The Company may have access to information that is not available to you, may have acquired trading positions at prices that are not available to you and may have interests different from your interests. Subject to its Best Execution Policy, the Company does not undertake any obligation to provide you with market or other information that it possesses, nor to alter or refrain from its own trading.
- Some CFDs may not become immediately liquid and as a result you may not be in a position to sell them or easily obtain information on the value of these CFDs or the extent of the associated risks.

#### **8.4. Third Party Risks**

The Client is warned of the following third party risks, which are in force unless otherwise specified in the Agreement:

- (a) The Company may pass money received from the Client to a third party (e.g. a liquidity provider) to hold or control in order to affect a Transaction through or with that person or to satisfy the Client's obligation to provide collateral (e.g. initial margin





requirement) in respect of a Transaction. The Company has no responsibility for any acts or omissions of any third party to whom it will pass money received from the Client.

- (b) The third party to whom the Company will pass money may hold it in an omnibus account and it may not be possible to separate it from the Client's money, or the third party's money. In the event of the insolvency or any other analogous proceedings in relation to that third party, the Company may only have an unsecured claim against the third party on behalf of the Client, and the Client will be exposed to the risk that the money received by the Company from the third party is insufficient to satisfy the claims of the Client with claims in respect of the relevant account. The Company does not accept any liability or responsibility for any resulting losses.
- (c) The Company may hold Client money on the Client's behalf outside the EEA. The legal and regulatory regime applying to any such bank or person will be different from that of Cyprus and in the event of the insolvency or any other analogous proceedings in relation to that bank or person, the Client money may be treated differently from the treatment which would apply if the money was held with a bank in an account in Cyprus. The Company will not be liable for the insolvency, acts or omissions of any third party referred to in this paragraph.
- (d) The Company may deposit Client money with a depository who may have a security interest, lien or right of set-off in relation to that money.
- (e) The Company is required to hold the Clients' money in an account that is segregated from its own money, but this may not afford complete protection in the event of default of the third party where the Client money is held.

## **8.5. Taxes**

The Client is warned of the following:

- (a) There is a risk that the Client's trades in Financial Instruments may be or become subject to tax and/or any other duty for example because of changes in legislation or his personal circumstances.
- (b) The Agreement or the transactions undertaken under the Agreement may be subject to tax and/or any other stamp duty in certain jurisdictions and the Company does not warrant that no such tax and/or any other stamp duty will be payable as such.
- (c) The Client is responsible for any taxes and/or any other duty which may accrue in respect of his trades.

## **8.6. Technical Risks**

The Client is warned of the following technical risks, in addition to the ones stated in the Agreement:

- (a) The Client and not the Company shall be responsible for the risks of financial losses caused by failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems.
- (b) Since the Client undertakes transactions on an electronic system, he will be exposed to risks associated with the system including the failure of hardware, software, servers, communication lines and internet failure. The result of any such failure may be that his



order is either not executed according to his instructions or it is not executed at all. The Company does not accept any liability in the case of such a failure.

- (c) The Company has no responsibility if unauthorized third persons gain access to Client information, including electronic addresses, electronic communication and personal data, access data when this is due to the Client's negligence or when the above are transmitted between the Company and the Client or any other party, using the internet or other network communication facilities, or any other electronic means.
- (d) The Client acknowledges that the unencrypted information transmitted by e-mail is not protected from any unauthorized access.
- (e) At times of excessive deal flow the Client may have some difficulties to be connected on the Company's system(s), especially in volatile Market (for example, when key macroeconomic indicators are released).
- (f) The Client acknowledges that the internet may be subject to events which may affect his access to the Company's system(s), including but not limited to interruptions or transmission blackouts, software and hardware failure, internet disconnection, public electricity network failures or hacker attacks. Unless otherwise specified at the Agreement, the Company is not responsible for any damages or losses resulting from such events which are beyond its control or for any other losses, costs, liabilities, or expenses (including, without limitation, loss of profit) which may result from the Client's inability to access the Company's Systems or delay or failure in sending orders or Transactions.
- (g) The Client is warned that while trading in an electronic platform he assumes risk of financial loss which may be a consequence of amongst other things:
  - Failure of Client's devices, software and poor quality of connection.
  - The Company's or Client's hardware or software failure, malfunction or misuse.
  - Improper work of Client's equipment.
  - Wrong setting of Client's Terminal.
  - Delayed updates of Client's Terminal.
- (h) In connection with the use of computer equipment, data and voice communication networks, the Client solely bears the following risks, amongst other risks, in which cases the Company has no liability of any resulting loss (unless otherwise specified at the Agreement):
  - Power cut of the equipment on the side of the Client or the provider, or communication operator (including voice communication) that serves the Client.
  - Physical damage (or destruction) of the communication channels used to link the Client and provider (communication operator), provider, and the trading or information server of the Client.
  - Outage (unacceptably low quality) of communication via the channels used by the Client, or the channels used by the provider, or communication operator (including voice communication) that are used by the Client.
  - Wrong or inconsistent with requirements settings of the Client Terminal.
  - Untimely update of the Client Terminal.
  - The use of communication channels, hardware and software, generate the risk of non-reception of a message by the Client from the Company.
  - Malfunction or non-operability of the trading system (platform), which also includes the Client Terminal.



- Outage (unacceptably low quality) of communication via the channels used by the Company, in particular physical damage (destruction) of the communication channels by third parties.

### **8.7. Force Majeure Events**

In case of a Force Majeure Event the Company may not be in a position to arrange for the execution of Client Orders or fulfil its obligations under the agreement with the Client. As a result, the Client may suffer financial loss and the Client shall accept the risk of financial loss. Refer to the Agreement for more information.

**Insolvency:** The Company's insolvency or default, may lead to positions being liquidated or closed out without the Client's consent. In the event of insolvency, the Client may suffer losses. Please refer to the Investor Compensation Fund on our website for more details.

**Foreign Currency:** When a Financial Instrument is traded in a currency other than the currency of the Client's country of residence, any changes in the exchange rates may have a negative effect on its value, price and performance and may lead to losses for the Client. A Financial Instrument with a currency as the underlying asset, the prospect of profit or loss from transactions on foreign markets is also affected by exchange rate fluctuations. The Client's attention is expressly drawn to currencies traded so irregularly or infrequently that it cannot be certain that a price will be quoted at all times or that it may be difficult to effect transactions at a price which may be quoted owing to the absence of a counter party.

**Abnormal Market Conditions:** The Client acknowledges that under Abnormal Market Conditions the period during which the Orders are executed may be extended or it may be impossible for Orders to be executed at declared prices or may not be executed at all. There may be situations, movements and/or conditions occurring at weekend, in the beginning of week or intra-day after release of significant macroeconomic figures, economic or political news that make currency markets to open with price levels that may substantially differ from previous prices. In this case, there exists a significant risk that orders issued to protect open positions and open new positions may be executed at prices significantly different from those designated.



## 9. FATCA INFORMATION

L.F. Investment Limited, being a regulated Cyprus Investment Firm, must comply with the Foreign Account Tax Compliance Act (FATCA). In accordance with the Intergovernmental Agreement signed between Cyprus and the US, all Cypriot Foreign Financial Institutions (FFIs) will be required to comply with the FATCA and therefore disclose information in relation to our US reportable persons.

To this effect, we need to identify, based on the information you provide whether or not you are a US reportable person.

Definition of US reportable person:

- A U.S. citizen (including dual citizen)
- A U.S. resident alien for tax purposes
- A domestic partnership
- A domestic corporation
- Any estate other than a foreign estate
- Any trust if: A court within the United States is able to exercise primary supervision over the administration of the trust, and One or more United States persons have the authority to control all substantial decisions of the trust
- Any other person that is not a foreign person.
- Substantial US ownership (US person owns more than 10% of the shares of a corporation {vote or value} or of a partnership or of a trust) is also required to comply with FATCA.

See below question to understand if you are involved in FATCA:

- A U.S. Citizen (including dual citizen) or resident?
- Was place of birth in the U.S.?
- Maintaining a U.S mailing or residence address? (including a U.S. P.O. Box or U.S. C/O address)
- Have a U.S. phone number?
- Have standing instructions to transfer funds for an account maintained in the U.S.?
- Have currently effective power of attorney or signatory authority granted to a person with a U.S. address?
- Have an “in-care-of” or “hold mail” address that is the sole address for the existing Account Holder?
- Do you have a U.S. Tax Identification Number (TIN)?”



## 10. COLLECTING PERSONAL INFORMATION

The Company may collect Client information directly from the Client (in his completed Application Form or otherwise) or from other persons including, for example, credit reference agencies, fraud prevention agencies and the providers of public registers.

The Company will use, store, process and handle personal information provided by the Client (in case of a natural person) in connection with the provision of the Services, in accordance with the Processing of Personal Data (Protection of the Individual) Law of 2001, as amended, as all relevant regulations (the “Data Protections Laws”) and all Applicable Regulation.

Client information which the Company holds is to be treated by the Company as confidential and will not be used for any purpose other than in connection with the provision of the Services and for marketing purposes (if the Client’s consent is obtained). Information already in the public domain, or already possessed by the Company without a duty of confidentiality will not be regarded as confidential.

The Company has the right to disclose client information including recordings and documents of a confidential nature in the following circumstances:

- (a) where required by applicable law or a competent Court;
- (b) where requested by CySEC or any other regulatory authority having control or jurisdiction over the Company or the Client or their associates or in whose territory the Company has Clients;
- (c) to relevant authorities to investigate or prevent fraud, money laundering or other illegal activity;
- (d) to execution venues or any third party as necessary to carry out Client Instructions or Orders and for purposes ancillary to the provision of the Services;
- (e) to credit reference and fraud prevention agencies and other financial institutions for credit checking, fraud prevention, anti-money laundering purposes, identification or due diligence of the Client;
- (f) to the Company’s professional advisors provided that in each case the relevant professional shall be informed about the confidential nature of such information and commit to the confidentiality herein obligations as well;
- (g) to other service providers who create, maintain or process databases (whether electronic or not), offer record keeping services, email transmission services, messaging services or similar services which aim to assist the Company collect, storage, process and use Client information or get in touch with the Client or improve the provision of the Services under this Agreement;
- (h) to data reporting service providers;
- (i) to other service providers for statistical purposes in order to improve the Company’s marketing, in such a case the data will be provided in an aggregate form;
- (j) to market research call centres that provide telephone or email surveys with the purpose to improve the services of the Company;
- (k) where necessary in order for the Company to defend or exercise its legal rights;



- (l) at the Client's request or with the Client's consent;
- (m) to an Affiliate of the Company;
- (n) to a nominee, third party, depository, Authorized Organization.

If the Client is an individual, the Company is obliged to supply the Client, on request, with a copy of personal data which it holds about the Client (if any), provided that the Client pays an administrative fee.

Telephone conversations between the Client and the Company may be recorded and recordings will be the sole property of the Company. The Client accepts such recordings as conclusive evidence of the Orders/Instructions/Requests or conversations so recorded.

The Client accepts that the Company may, for the purpose of administering the terms of the Agreement, from time to time, make direct contact with the Client by telephone, fax, or otherwise.

Under Applicable Regulations, the Company will keep records containing Client personal data, trading information, account opening documents, communications and anything else which relates to the Client for at least five years after termination of the Client Agreement.

By entering into this Agreement, the Client consents that the Clients' personal data will be transferred outside the European Economic Area, in accordance with the provisions of Processing of Personal Data (Protection of the Individual) Law of 2001.

Without limiting the foregoing, the Client acknowledges that the Company, is required to comply with the Intergovernmental Agreement between Cyprus and the United States and has taken all reasonable steps to be in compliance with FATCA. The Client further acknowledges that the Company, as an FFI, is required to disclose information in relation to any US reportable persons to the relevant authorities, as per the reporting requirements of FATCA, and agrees to such disclosure.



## 11. POLITICALLY EXPOSED PERSON

“Politically Exposed Persons” shall mean:

- (a) natural persons who are or have been entrusted with prominent public functions, which means: heads of State, heads of government, ministers and deputy or assistant ministers; members of parliaments; members of supreme courts, of constitutional courts or of other high-level judicial bodies whose decisions are not subject to further appeal, except in exceptional circumstances; members of courts of auditors or of the boards of central banks; ambassadors, chargés d’affaires and high-ranking officers in the armed forces; members of the administrative, management or supervisory bodies of State-owned enterprises. None of the categories set out in the above shall be understood as covering middle ranking or more junior officials. Further, where a person has ceased to be entrusted with a prominent public function within the meaning of the above definition for a period of at least one year, such persons shall not be considered a Politically Exposed Person.
- (b) The immediate family members of such persons as set out under definition (a), which means: the spouse; any partner considered by national law as equivalent to the spouse; the children and their spouses or partners; and the parents.
- (c) Persons known to be close associates of such persons as set out under definition (a), which means: any natural person who is known to have joint beneficial ownership of legal entities or legal arrangements, or any other close business relations, with a person referred to in definition (a); any natural person who has sole beneficial ownership of a legal entity or legal arrangement which is known to have been set up for the benefit de facto of the person referred to in definition (a).





## 12. INVESTMENT RISKS CATEGORIES

This section contains inexplicit definitions for purposes of PAMM Services Terms.

High (Aggressive) - aggressive portfolio has a significant emphasis on more volatile domestic and international shares. This strategy is consistent with a reasonably aggressive attitude toward assuming greater risk in return for the potential to earn higher returns and willingness to trade income for long-term capital growth.

Medium (Moderate or balanced) - the moderate portfolio reflects A moderate trade-off between potential return and risk. An exposure to less volatile income orientated assets is combined with investments in domestic and international shares to create a reasonable balance between income generation and longer-term growth.”

Low (Conservative) — the conservative portfolio reflects a conservative trade-off between potential return and risk. An emphasis on defensive, income-oriented assets is consistent with lower level of volatility and relatively predictable income streams. The potential to generate some capital growth over the longer-term (and supplement income growth), which is of secondary importance is provided by the exposure to foreign exchange, domestic and international shares.

