

# PAMM SYSTEM TERMS

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## 1. INTRODUCTION

- 1.1. **www.purple-trading.com** is a website owned and operated by '**L.F. Investment Limited**', a Cyprus Investment Firm regulated by the Cyprus Securities and Exchange Commission (CySEC) under license number **271/15** ("**COMPANY**").
- 1.2. COMPANY is operating under Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments amending REGULATION (EU) No 600/2014, which was implemented in Cyprus by the Investment Services and Activities and Regulated Markets Law of 2007 (Law L. 87(I)/2017) , which provides for the provision of Investment Services, the exercise of Investment Activities, the operation of Regulated Markets and other related matters (the "**Investment Services and Activities and Regulated Markets Law**"), as the same may be modified and amended from time to time.
- 1.3. As such, under the "**Investment Services and Activities and Regulated Markets Law**", COMPANY is required to uphold effective and transparent procedures for managed accounts. Set forth hereinafter are the terms and conditions (hereinafter the "**Terms**") governing the managed account services provided to Investors (COMPANY clients subscribed to receive managed services) by **Strategy Provider** under the so called 'Percentage Allocation Management Module' ("**PAMM**").

## 2. PAMM SYSTEM TERMS (HEREAFTER THE "TERMS")

- 2.1. These Terms, together with COMPANY Client Agreement - Terms and Conditions, the full Risk Disclosure, the Client Classification Policy, the Investor Compensation Fund Policy, the Client Complaints Policy, the Conflict of Interest Policy, the Privacy Policy and the Order Execution Policy, include all the provisions and conditions provided to the Client by COMPANY to maintain managed accounts under PAMM. Reading and understanding all of the above documents is a mandatory requirement in order to access this service. The Client's registration as an Strategy Provider or an Investor will be considered by COMPANY as official confirmation that all documents were read, understood and accepted.
- 2.2. All transactions initiated by the Strategy Provider on the PAMM Systems are subject to the provisions of the aforementioned Terms, Client Agreement - Terms and Conditions, the full Risk Disclosure, the Client Classification Policy, the Investor Compensation Fund Policy, the Client Complaints Policy, the Conflict of Interest Policy, the Privacy Policy and the Order Execution Policy. COMPANY PAMM System management tool provides an opportunity to Investors to follow trading strategies and signals developed by the Strategy Provider, being the strategy and signal provider. Different strategies are made available to different Investors based on the suitability assessment performed by COMPANY as part of the client account opening procedure.
- 2.3. COMPANY has no right to disclose any personal information about the Strategy Providers – unless their consent to do so is obtained in writing, since any account registered to operate under PAMM is a personal account of a Client of COMPANY and therefore its owner's details are privileged information which cannot be disclosed to third parties. An Investor accepting the provision of Managed Account Services through the use of signals (hereinafter "**Offer**") confirms that he/she understands and accepts the nature of inherent risks to the transactions in the OTC foreign exchange market or on regulated market (if applicable). COMPANY hereby states to the Investor that it does not and will not guarantee the recurrence of any rates of return that have been performed by the Strategy Provider in the past or promised to be performed by the Strategy Provider in the future.
- 2.4. Trading on the PAMM Systems can only be performed by the Strategy Provider on the basis of these Terms. On agreement with the present Terms the Investors acknowledges that will not interfere in the trading strategy of the Strategy Provider unless the service is officially terminated by either party. COMPANY will reject all claims of Investors that the Strategy Provider failed to comply with their recommendations.
- 2.5. All transfers of funds between the Investors' personal accounts with COMPANY and their managed accounts are carried out only on the basis of requests from Investors. The Strategy Provider cannot influence the decision making for the inflow or outflow of Investor funds or prevent instructions for funds transfers from being executed by the Investor.
- 2.6. COMPANY reserves the right to terminate the provision of the PAMM service to any Strategy Provider at any time and upon its sole discretion.
- 2.7. Unless agreed otherwise, all the documents submitted by one party to the other by any means of delivery will be taken into account

only if the possibility of accurate authentication of the sender exists. These Terms define the means of communication:

- a) E-mail;
- b) Postal service;
- c) Publications on COMPANY's Website;
- d) Messages in the PurpleZone online terminal

2.8. All records of trading transactions carried out in managed accounts will be accessible through the PurpleZone online terminal according to the corresponding managed account update timeframes.

### 3. DEFINITIONS

3.1. For the purpose of these Terms, unless the context otherwise requires, capitalized words and expressions shall have the meanings assigned to them in the defined terms that are set forth in bold and italics: (A) hereinafter, under the heading "**Definitions**"; and/or (B) throughout these Terms:

- (1) **Active Managed Account** - Any Managed account with a balance greater than zero.
- (2) **Strategy Provider** – business partner of the COMPANY, registered as a Strategy Provider of PAMM Systems and who has successfully signed a Strategy Provider Services Agreement with the Company, providing trading signals to Managed Accounts, linked to the specific PAMM Systems.
- (3) **Strategy Provider's Master Account** – The Strategy Provider's Master account is a real trading account of the Strategy Provider or an account provided by COMPANY to the Strategy Provider, that may be used for generating and transmitting the trading signals to the Strategy Account for implementation of his/her strategies to the Managed Accounts.
- (4) **Strategy Provider's Capital** - Funds transferred by the Strategy Provider to the Strategy Provider's Managed Account as an investment, to further support that **Strategy Provider's** and Investors' interests are aligned.
- (5) **Strategy Offer** - a set of parameters offered by the **Strategy Provider** and used by COMPANY to calculate the amounts of **Strategy Provider's** and Company's remuneration and other terms of Managed Accounts.
- (6) **Capital Guard** – shall mean the technical function which shall initiate to close all positions and shall delete all pending orders once the pre-defined equity level is reached on the PAMM System. The pre-defined equity level is calculated as a percentage from the highest Balance achieved on the Strategy Account adjusted by the new deposits or withdrawals accordingly.
- (7) **Copy Tool** – a tool used for the transfer of signals from the Master Account to the Strategy Account.
- (8) **Client** - Client of COMPANY with a valid trading account in accordance with the Client Agreement.
- (9) **Client Agreement** - an agreement signed between COMPANY and the Client outlining the services to be provided by COMPANY.
- (10) **Front fee** - a percentage of Investor's deposit, which will be charged by the Company during the execution of a funds deposit to a Managed Account linked to the Strategy Provider's Strategy Account and paid to the Strategy Provider and/or the Company. This is to be specified in the Strategy Offer. The calculation formula can be found in Section 15.6.
- (11) **Dormant PAMM System**: A PAMM System in which trading activities have not been performed for 6 months.
- (12) **High profit watermark principle** – Performance fees will be charged to the investors accounts as a percentage of "net new profits" each month above a high profit watermark. A high profit watermark is essentially the largest cumulative amount of positive performance experienced in an investor's account at the end of a given month throughout the period of time when the account is managed by a particular PAMM System. When client decides to connect his account to a different PAMM System, the High profit watermark is reset to the current level of client's equity at the time of connecting to the new PAMM System. When client disconnects his account from particular PAMM System and then decides to re-connect this account back to the same PAMM System, the original high profit watermark for this account remains valid.
- (13) **Investor** - Client of COMPANY, registered as an Investor on a Managed Account.
- (14) **Investor's Equity**- Funds belonging to the Investor in the Managed Account calculated as actual balance +/- profit/loss from open positions (calculated on the basis of current market prices) + virtual credit (if any).
- (15) **Investor Funds under Management** - the value of Investor funds, on the basis of which is calculated Strategy Provider's and Company's Remuneration from profits. The calculation formula can be found at Section 15.2.

- (16) **Managed Account** – an account within a PAMM System where trading activities are performed based on the trading signals provided by the Strategy Provider through the Strategy Account.
- (17) **Minimum Investment Amount (Initial investments)** - the minimum allowable amount of equity an Investor has to invest in a Managed Accounts be able to connect to participate in the respective PAMM System.
- (18) **Minimum Technical Balance on Investor's account (Minimal balance)** - the lowest possible Balance that should be maintained in the Investor's Managed account. Company will not accept to allow Fund transfers greater than this amount and in such instances the Investor will have the option to withdraw his/her total Account Balance and Close the respective Managed Account.
- (19) **PurpleZone Online Terminal** - section of the PurpleZone Online Terminal designated for performing operations on Investor's Managed Accounts.
- (20) **PAMM System Monitoring** – Ongoing monitoring of the PAMM System management by COMPANY.
- (21) **PAMM System** - a trading system where Strategy Provider's Master Account, a Strategy account and one or more Managed Accounts (sub) are combined into a single registration system for the trading platform. For more details please refer to Section 5.
- (22) **COMPANY Website** – [www.purple-trading.com](http://www.purple-trading.com)
- (23) **Remuneration for the provision of trading signals - Management fee** - percentage of Investor's Equity which will be charged on a monthly basis and paid to the Strategy Provider and/or the Company. This is to be specified in the Strategy Offer. Every month a sum, 12 times smaller than the Strategy Offer parameter, defined as a percentage per annum is deducted. The calculation formula can be found at Section 15.5.
- (24) **Remuneration from the profits - Performance fee** - percentage of the Investor's profits, which will be charged from the Investor and paid to the Strategy Provider and/or the Company during the distribution of profits. This is to be specified in the Strategy Offer. The calculation formula can be found at Section 15.3.
- (25) **Risk Disclosure** - The document outlining the risks associated with trading activities which may lead to the loss of an investment.
- (26) **Strategy** – A set of trading signals provided by the Strategy Provider to the Strategy Account binded by the Strategy Offer parameters.
- (27) **Strategy Account** –The account used for (i) the execution of trading signals generated by the Strategy Provider's Master Account and/or (ii) direct trading by the Strategy Provider and (iii) connect with Managed Accounts.
- (28) **Strategy Account Leverage** – The leverage set for the Strategy Account that each Investor must agree with and must be eligible to use (according to the Company's Leverage policy) prior to linking the Investor's Managed Account to the particular Strategy Account.
- (29) **Trading Reports («Statements»)** - Transaction reports on the Managed Account that are always accessible by the Investors through the PurpleZone Online Terminal.
- (30) **Trading Interval** - the time period within which managed services are performed, and after which the calculation of the Performance fee and Management fee are performed.
- (31) **Terms of Business** - conditions that apply to the service which cannot be altered without the prior consent of both parties, recorded in writing.
- (32) **uMAM** – a technical solution that is responsible for correct allocation of trading signals from the Strategy Account to the Managed Account(s)

#### 4. INTERPRETATION

- 4.1. Any reference in these Terms and its annexes, appendices, addenda, attachments, schedules and exhibits to a document being "in

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the terms agreed upon by mutual consent of the Parties" shall mean, unless the context otherwise requires, that document in the terms mutually agreed upon by and between the Parties and for the purposes of identification and documentation thereof signed by each of the Parties, or such other terms as may be agreed upon by mutual agreement of the Parties and executed by each of the Parties in writing in substitution therefor.

- 4.2. In these Terms and its annexes, appendices, addenda, attachments, schedules and exhibits, unless the context otherwise requires, references to any provision shall include such provision as from time to time amended, whether before, or on (in the case only of re-enactment or consolidation without substantive amendment) after the Effective Date, and shall be deemed to include provisions of earlier legislation which have been re-enacted (with or without modification) or replaced (directly or indirectly) by such provision, and shall further include all statutory instruments or Orders from time to time made pursuant thereto.
- 4.3. In these Terms and its annexes, appendices, addenda, attachments, schedules and exhibits, unless the context otherwise requires: (a) the masculine gender shall include the feminine and neuter and the singular number shall include the plural and vice versa; (b) references to Persons shall include individuals, bodies' corporate, un-incorporated associations and partnerships; (c) the headings are inserted for convenience only and shall not affect the construction and interpretation of these Terms; (d) references to recitals, clauses and annexes, schedules and exhibits and any subdivisions thereof, unless a contrary intention appears, shall be to the recitals, clauses and annexes, schedules and exhibits and subdivisions of these Terms.
- 4.4. The annexes, appendices, addenda, attachments, schedules and exhibits and the Pre-ambule and Recitals set forth hereinabove form an integral part of these Terms and shall be construed as having the same full force and effect as if they would be expressly set forth in the body of these Terms.
- 4.5. Unless the context otherwise requires, any reference in these Terms to a "document" shall be construed to include any 'electronic' document.
- 4.6. Where any form of the word "including" appears in these Terms, it will be interpreted as if followed by the phrase "without limitation", unless the context requires otherwise.

## **5. PAMM SYSTEMS**

- 5.1. PAMM Systems are designed to allow the application of strategies as set by the Strategy Provider through the Strategy Provider Master Account and/or Strategy Account in trading on the OTC foreign exchange market or on regulated market (if applicable), in relation to the Investor's capital (or part of that capital). The Strategy Provider performs trades on PAMM Systems which consist of Investors' capital and may consist of Strategy Provider's funds.
- 5.2. The Strategy Provider has the ability to carry out only trading transactions on PAMM Systems on the OTC foreign exchange market, or OTC transactions in other classes of Underlying Instruments, or on regulated market (if applicable).
- 5.3. The Strategy Provider has no right or possibility to request the deposit or withdrawal of funds to or from Managed Accounts.
- 5.4. All other actions related to Managed Accounts are performed by COMPANY.
- 5.5. All operations on the transfer of funds into PAMM Systems are made only to/from COMPANY's Clients' trading accounts and are considered internal transfers.

- 5.6. The Strategy Provider has access to additional services provided by COMPANY:
- a) A results-based management PAMM System for public review;
  - b) To participate in ratings;
  - c) Receive informational market reviews, etc.
- 5.7. The terms of the PAMM System trading are fully consistent with COMPANY's trading terms for regular trading accounts and in accordance with the "Best Execution Policy".
- 5.8. The Strategy Provider and the Investor agree that through to the use and/or function of the PAMM System the below possible technology and/or technical issues may arise in respect to Capital Guard:
- a) Capital Guard does not trigger and as a result it is not be able to start closing positions.
  - b) Capital Guard does trigger but it closes positions with delay resulting in higher loss than the pre-defined ones.
  - c) Capital Guard does trigger but it closes positions with delay resulting in less loss than the one pre-defined.
  - d) Capital Guard does trigger but it is effected based on a wrong "highest Balance achieved on the Strategy Account" calculation.

## **6. STRATEGY PROVIDER'S REGISTRATION**

- 6.1. A Client looking to register as an Strategy Provider is required to fill a Strategy Provider Services Agreement. COMPANY considers the act of filling and sending out this agreement as an unconditional acceptance of the terms hereof.
- 6.2. The necessary conditions for registration of a PAMM System are as follows:
- a) Existence of a wallet and of a trading account;
  - b) "Verified" status of the wallet and of a trading account;
- 6.3. Failure to satisfy one or more of the above listed requirements may result in the rejection of the Strategy Provider Services Agreement.
- 6.4. After a successful Strategy Provider Services Agreement request submission, funds specified as "**Strategy Provider's Capital**" may be transferred from the Strategy Provider's trading account to his PAMM System.
- 6.5. After confirming the Strategy Provider Services Agreement request, COMPANY will contact the Strategy Provider with the PAMM System parameters as well as its name, login and password.
- 6.6. Telephone dealing services are available for all PAMM Systems only in cases that the Strategy Provider does not have access to the Master Account due to technology failure. The Strategy Provider has to provide the answers to the security questions agreed during the account opening process.
- 6.7. The Strategy Provider has the right to alter the following parameters:
- a) Phone account access password;
  - b) Increase Strategy Provider's Capital;
- 6.8. In the event that a Strategy Provider's Balance falls below the Strategy Provider's Capital, the Strategy Provider is able to withdraw funds after the elimination of the PAMM System. The Strategy Provider also has the right to bring own Capital to the minimum threshold by depositing additional funds.

## **7. STRATEGY OFFERS**

- 7.1. An Offer is a proposal to use strategies, used by Strategy Providers to perform trading transactions on the foreign exchange market, or OTC transactions in other classes of Underlying Instruments or on regulated market (if applicable), by any Client of COMPANY based on his/her Investment Strategy Proposal. Each Offer consists of a set of parameters used by COMPANY for the calculation of the remuneration of the Strategy Provider and/or the Company, as well as a set of conditions for the formation and operation of Managed Accounts. Acceptance or rejection of any Offer regarding an investment in one or another PAMM System is an entirely voluntary decision of the Client and does not entail the conclusion of any contract, material reciprocal relationship or any other

commitment binding COMPANY, the Strategy Provider and/or Investors.

- 7.2. An Offer must consist of the following parameters:
  - i. Performance Fee;
  - ii. Management Fee;
  - iii. Front fee;
  - iv. Minimum Initial Investment;
  - v. Minimum Technical Balance;
  - vi. Investment Strategy Proposal (as specified in Appendix 3 of the Strategy Provider agreement)
- 7.3. Each Offer shall be monitored by the COMPANY, intended for the evaluation and publication of calculation parameters for the performance of the relevant PAMM System, since the creation of the Offer.
- 7.4. The Strategy Provider may limit the number of Managed Accounts under his/her Offer through:
  - a) Disabling the possibility of funds deposit into the Managed Accounts; and/or
  - b) Request from the COMPANY to limit the connection of new Managed Accounts in the PAMM System, subject to certain criteria that the Strategy Provider will communicate to the Company.
- 7.5. The Strategy Provider cannot influence the process of funds withdrawal from the Managed Accounts, carried out by COMPANY upon the request of the Investors.
- 7.6. Strategy Offers may not be removed unless these Offers are not valid.
- 7.7. COMPANY determines the maximum possible value of Offers on one PAMM System.

## **8. TRADING INTERVAL**

- 8.1. The Trading Interval on any PAMM System is equal to one calendar month, unless specified differently in the Strategy Offer.
- 8.2. The Trading interval commences on the date of the first actual receipt of Investor funds in the PAMM Account after the Investor accepts the Strategy Offer and ends in the end of the particular calendar month (unless specified differently in the Strategy Offer).
- 8.3. Completion of one Trading Interval means the beginning of another Trading Interval.
- 8.4. The Strategy Provider has the right to maintain open positions during the interchange of Trading Intervals.

## **9. REGISTRATION OF THE MANAGED ACCOUNT AND THE INVESTOR**

- 9.1. Registration of any Client as an Investor is performed by COMPANY at the time of the Client's acceptance of the Strategy Offer. By accepting the offer, the Client confirms that he/she:
  - a) Read and understood all the provisions of these Terms;
  - b) Has all the power and authority to abide by these Terms and understands the significance and consequences of his/her own actions;
  - c) Ensures that the management of Investor funds cannot entail any violation of the rights of the Investor or any third party;
  - d) Assumes responsibility for enforcing the provisions of these Terms;
  - e) Is classified as suitable for receiving the managed accounts services.
  - f) Agrees and accepts the Leverage used by the selected Strategy Account.
- 9.2. Acceptance of the Offer by the Client and the completion of an application for issuance of the PAMM System entails the registration of the Client as an Investor.
- 9.3. A Client's non-performance of the initial request of funds deposit shall cancel his/her registration as an Investor only if the Investor's Sub-account in the PAMM System has not yet been created. Otherwise, for the withdrawal of funds Investors can ask for a regular withdrawal or funds transfer via the PurpleZone Online Terminal.
- 9.4. COMPANY notifies Clients regarding any changes in the registration status via electronic mail.

## **10. INVESTOR'S MANAGED ACCOUNT COEFFICIENT**

- 10.1. The Investor's Managed Account Coefficient is used to determine which part of the achieved results in the PAMM System will be distributed to each Managed Account (participating Investor account).
- 10.2. Calculation of the Investor's Managed Account Coefficient is calculated before the opening of every new trading position on the PAMM account using the following formula:

**Investor's Managed Account Coefficient = Investor's Balance / PAMM account Balance**

Whereby:

*Investor's Balance* = balance on Investor's managed sub-account before opening a new trading position on the PAMM account

*PAMM Account Balance* = Sum of all Investor's managed account balance at the time before opening a new trading position.

## **11. CALCULATION OF PROFIT AND FEES**

- 11.1. Following the end of a calendar month the trading results on the Investor's managed accounts are analyzed and the various fees are calculated.
- 11.2. Investors can access and review their trading profits or losses together with trading statements on PurpleZone Online Terminal.
- 11.3. Performance and management fees are deducted from Investors' managed accounts and their agreed proportion is credited to the appropriate Strategy Provider account within 20 days after each calendar month.
- 11.4. Front fees are calculated and deducted at the time of connecting Investors managed account to the PAMM account. At the same time the fees or their agreed proportion are transferred on the Strategy Providers' accounts.
- 11.5. The Performance and management fee and the front fees might not be charged from the Investor's account subject to a mutual agreement between the Company and the Strategy Provider.
- 11.6. Investor can transfer funds between his/her accounts at any time using PurpleZone Online Terminal or by filing a request to customer support email, provided that the minimum investment amount will be still maintained.
- 11.7. Calculation of the positions, obtained profit/loss and the payment for overnight positions carrying is calculated for each managed account based on the Investor's Managed Account Coefficient.
- 11.8. The Company at least once a year will inform its Clients on an individual basis about the actual amount of payments or benefits received or paid.

## **12. FUNDS DEPOSIT**

- 12.1. Deposit on any sub account can be done directly by specifying the sub account number in wire transfer details. If not specified or if it is used method of payment that doesn't allow adding details to the transfer then client will be contacted by a Customer Support Representative for further instructions.
- 12.2. When a Client maintains a trading account that meets the minimum investment amount of some strategy, client can connect to that strategy in the PurpleZone Online Terminal or by request on Purple Trading support. After that the standard client account becomes investors managed account.

## **13. WITHDRAWALS**

- 13.1. Investors or Strategy Providers can withdraw any amount of funds from their managed accounts at any time, given that at least minimum investment amount will be maintained after the withdrawal.
- 13.2. Investor or Strategy Provider can withdraw funds from managed account as follows:
  - a) transferring funds to other account with Purple Trading opened under their name
  - b) requesting withdrawal under the standard Purple Trading rules for withdrawals

## **14. REPLACING STRATEGY OFFER (MIGRATION)**

- 14.1. The Investor has the opportunity to replace one Strategy Offer with another without depositing/withdrawing funds, if his/her balance after deduction of Fees is no less than Initial Investments of the new Offer.

Migration is initiated from PurpleZone Online Terminal or after a request to a Customer Support Representative.

- 14.2. Replacement of Offers is performed within 24 hours of request.

- 14.3. When replacing the Offer:

- a) There is no physical withdrawal of funds to the Investor's trading account and back;
- b) All open positions are closed;
- c) Any high profit watermark provision calculation is reset

- 14.4. Following migration, if a front fee charge applies as per the new offer selected, the appropriate amount will be deducted from the Investors account irrespective of the fact that the Investor may have paid some front fee in past while accepting some other offers.



## 15. PAMM AND MANAGED ACCOUNTS CALCULATIONS

15.1. COMPANY calculates Investor's balance in accordance with the following formula:

**Balance = Deposits – Withdrawals +/- closed profit/loss**

Whereby:

*Deposit* = the amount of all deposits credited in the Investors account

*Withdrawals* = the amount of all withdrawals debited from the Investors account

*Closed Profit/loss* = profit or loss from all closed trades performed in the Investors account (includes swaps and commissions)

**Equity = Balance +/- open profit/loss + virtual credit**

Whereby:

*Open profit/loss* = profit or loss from open positions (calculated on the basis of current market prices)

*Virtual credit* = non-withdrawable part of Investor's account that increases Investors equity and that may be provided to the Client by the Company as a bonus as per the special terms and conditions.

15.2. The calculation of the managed Investor funds is done using the following rules:

- a) The amount of investor funds managed by the Company for a specific PAMM system, is equal to all Investor's Equity included in all Investor's Managed account connected to the Strategy Account under at any moment
- b) In case an Investor wants to withdraw funds from his/her account all fees payable are calculated and if the withdrawal would cause that the investors equity left is smaller than amount of payable fees then the fees are deducted and the Investor has to request a new withdrawal through PurpleZone Online Terminal.

15.3. The performance fee of the Strategy Provider and/or Company from the achieved profit is calculated according to the following formula:

**Profit/Loss \* Fee / 100**

*Profit/Loss* = profit or loss from all open and closed trades performed on the Investors **account by currently subscribed strategy** (including Swaps and Commissions) during the particular month, calculated at 23:59 MT4 server time of the last day of the month and according to the high watermark principle.

*Fee* = Remuneration of the Strategy Provider and/or the Company from profit according to the Offer.

If this formula's calculation result is negative, then no payment is made.

In the case of a positive profit value Strategy Provider's Remuneration may be paid:

- a. During the calendar month following the month for which the positive value was calculated

15.4. The Performance remuneration of the Strategy Provider and/or the Company is calculated according to the **high profit watermark principle**. In accordance with the High Profit Watermark Principle; all negative amounts of profit/loss are carried forward to the next month where they are added to the actual month calculated amount. If the resulting amount is still negative, then it is again carried forward to the next month etc. If the resulting amount is positive, then the calculation is performed and the remuneration is executed. When client changes Strategy then all high profit watermark is reset.

15.5. The remuneration of the Strategy Provider for provision of Trading Signals is calculated according to the following formula:

**Equity \* Fee/100/12 \* Connected time**

Whereby:

*Equity* = Investor's Equity at the end of every calendar month

*Fee* = Strategy Provider's Remuneration for management according to the Offer

**Connected time** = number of the calendar days the Investor's Managed account has been connected to the PAMM System during the particular month divided by the number of the calendar days in such month

*Strategy Provider's Remuneration* for management is made during each calendar month

15.6. The Front fee Amount is paid during the execution of a request for funds deposit to the Managed Account and is calculated according to the following formula:

**Deposit \* Front fee/100**Whereby:

*Deposit* = The amount of Deposit

*Front fee* = The percentage fee for Deposit according to the Offer

**16. STRATEGY PROVIDER'S OBLIGATIONS**

- 16.1. The Strategy Provider based on his/her decisions and taking the inherent foreign currency trading risks into the consideration, engages in activities aimed at increasing the Strategy Provider's Capital and Investor funds. In the event that COMPANY decides that the Strategy Provider does not comply with Investor interests or with the Investment Strategy Proposal, it reserves the right to inform the Clients and/or liquidate the PAMM System.
- 16.2. The Strategy Provider confirms that:
- All the personal data that was provided to COMPANY while obtaining the status as a Client of COMPANY and the registration of the PAMM System is accurate;
  - All documents that regulate trading and non-trading operations, as well as these Terms, were carefully read and understood;
  - All of the Risks and implications of trading on the OTC foreign exchange market or on regulated market (if applicable) are clearly defined and understood.
- 16.3. The Strategy Provider shall continuously monitor and manage the PAMM Master account to ensure the best available outcome in line with the Strategy Offer and Investment Strategy Proposal.
- 16.4. COMPANY reserves the right to request explanations from the Strategy Providers for a continuous absence of operations in the appropriate PAMM System (the duration of such period will be determined at the discretion of COMPANY). If the Strategy Provider has ignored the request and does not submit his/her comments within two (2) calendar days, or if his/her explanations were deemed inconclusive, COMPANY may publish on its website, or send letters to Investors, announcing the fact that a given PAMM System is no longer operational.
- 16.5. The Strategy Provider accepts the obligations to ensure full confidentiality of access details to the PurpleZone Online Terminal. All the complaints regarding an unauthorized access to the Strategy Provider's back-office area will be rejected if the server logs contain information that the actual Password and Login were used for this access.
- 16.6. The Strategy Provider and Investors accepts that possible technical issues and/or technical problems and/or technical difficulties may arise whilst using the Copy Tool and for these technical issues and/or technical problems and/or technical difficulties COMPANY shall not be held liable for any loss or damage or expense incurred by the Strategy Provider or by relevant third parties in relation to, or directly or indirectly arising from but not limited to the following technical issues and/or technical problems and/or technical difficulties:
- Trading signals not copied into the Strategy Account;
  - Failure of the Strategy Provider to immediately inform the Customer Support that positions on the Master Account and the Strategy Account are not "synchronized" – if position is not copied.
  - Trading signal(s) copied more than one time due to a technology issue;
  - Trading signal(s) is/are copied with delay due to a technology issue;
  - Trading signal(s) is/are copied with delay due to a technology issue and the Strategy Provider at the same time manually opens the same position on the Strategy account, having as a result the duplication of this position on the Master Account;
  - The Strategy Provider fails to manually close a position on the Strategy Account that is connected with the Master Account.
- 16.7. The Strategy Provider agrees that in case he or she notices any technical issues and/or problems and/or difficulties as those are defined under Clause 16.6 herein, he or she is obliged to immediately contact his Account Manager and Purple Trading Support via phone or via email (emergency@purple-trading.com and support@purple-trading.com)

16.8. The Strategy Provider is responsible for control available free margin on the Strategy account when he or she places trades manually on the Strategy Account and/or if he or she decides to copy more Master Accounts to one Strategy Account.

16.9. The Strategy Provider agrees that in case his Strategy Account uses a uMAM technical solution he/she will close all the open trades on the Strategy Account no longer than 10 minutes before the market close for given instruments on the last trading day of each month, either via his Master Account or directly on the Strategy Account. If he fails to do so the Company may close the trades instead. This procedure must be carried out in order to maintain the correct trade allocation and reporting. The Strategy Provider may enter any new trades on the Strategy Account on the beginning of the next trading day. It is noted that the Company will not place any trades closed for the purposes of this Section on the respective Strategy Account and the responsibility lies with the Strategy Provider to enter any relevant trading signals in the Strategy Account.

## **17. INVESTOR'S OBLIGATIONS**

17.1. The Investor confirms that:

- a) All the personal data that was provided to COMPANY while obtaining the status as a Client of COMPANY and the registration of the PAMM System is accurate;
- b) All of the Risks and implications of trading on the OTC foreign exchange market or on regulated market (if applicable) are clearly defined and understood.

17.2. The Investor agrees to pay all fees, as defined in the accepted Offer, such as:

- a) Remuneration of the Strategy Provider from the profits;
- b) Remuneration of the Strategy Provider for management;
- c) Front Fee.

17.3. The Investor agrees that all claims and complaints by third parties that may arise as a result of his activities, will be resolved independently by him and at own expense.

17.4. The Investor accepts the obligations to ensure full confidentiality of access details to PurpleZone Online Terminal. All complaints regarding unauthorized access to the PurpleZone Online Terminal will be rejected if the server logs contain information that the actual Password and Login were used for this access.

17.5. The Investor accepts that he/she will be able to review the history of the trades concluded as part of the strategy he/she accepted as described herein and in the "Terms and Conditions of Services Agreement" only through PurpleZone Online Terminal.

## **18. CONFIDENTIALITY**

18.1. COMPANY is taking all measures possible to prevent third-party access to the personal information of its Clients. An exception can only be made if governmental agencies have presented a valid request.

18.2. COMPANY only discloses the account number of the Investor to the Strategy Provider. No additional information about the Investor is reported.

## 19. PAMM SYSTEM LIQUIDATION

19.1. COMPANY, at its sole discretion, may decide to liquidate any PAMM System without any explanation. It may also liquidate a PAMM System if:

- a) monitoring shows non-compliance with the Trading Strategy Proposal specified by the Strategy Provider
- b) monitoring shows negative rates of return for 90 days;
- c) it becomes Dormant.

19.2. The Strategy Provider shall notify COMPANY of the liquidation of a PAMM System by sending a request via email to [support@purple-trading.com](mailto:support@purple-trading.com).

19.3. Order of the liquidation:

- a) The Strategy Provider and the Investor shall be notified of the PAMM System liquidation and about the date and time of the liquidation by any mean of communications available;
- b) Information on the appropriate PAMM System's liquidation is placed on the COMPANY website;
- c) After the decision to liquidate was made by COMPANY, the following will take place at the date and time of liquidation:
  - (i) Closure of all open positions at the current price on the market;
  - (ii) Cancellation of all pending orders;
  - (iii) Calculation of Management and Performance Fees,
  - (iv) Transfer of funds to the Strategy Provider and Investor trading accounts respectively;
  - (v) Liquidation of all Managed Accounts;
  - (vi) Liquidation of the PAMM System.

19.4. PAMM System liquidation is completed by the delivery of the liquidation reports to the Strategy Provider and the Investors.

## 20. RISK DISCLOSURES

### **PAST PERFORMANCE IS NOT A GUARANTEE, NOR INDICATIVE OF FUTURE RETURNS, AS RETURNS MAY VARY ACCORDING TO MARKET CONDITIONS.**

20.1. Trading in complex financial products, such as stocks, futures, foreign exchange ('Forex'), cryptocurrencies, contracts for difference ('CFDs'), indices, options, or other financial derivatives, on 'margin' is speculative and may involve the loss of all principal or more; therefore, funds placed under management should be risk capital funds that if lost will not significantly affect one's personal financial wellbeing.

20.2. Forex and CFDs are leveraged financial instruments. Trading CFDs, is highly speculative and involves substantial risk of loss. It is possible to lose more than the initial capital invested. Therefore, Forex and CFDs may not be suitable for all investors. Only invest with money you can afford to lose. So please ensure that you fully understand the risks involved.

20.3. No representation is being made that participating in a managed account or managed trading program, such as a PAMM System, will necessarily lead to profit. Investors may incur into a series of consecutive losses and substantial equity- draw-downs that can deplete their funds before the occurrence of any meaningful profit accumulation.

20.4. Investors should be aware of all the risks associated with trading these markets, and seek advice from an independent financial advisor if they have any questions or doubts. Investors should carefully read COMPANY's full Risk Disclosure, the Client

Classification Policy, the Investor Compensation Fund Policy, the Client Complaints Policy, the Conflict of Interest Policy, the Privacy Policy and the Order Execution Policy, **and the Terms and Conditions governing the PAMM System service.**

20.5. Investors should also be aware that, in addition to the risks inherent to the trading in complex financial products, such as stocks, futures, foreign exchange ('Forex'), cryptocurrencies, contracts for difference ('CFDs'), indices, options, or other financial derivatives, on 'margin', as described in COMPANY's full **Risk Disclosure**, there are circumstances and risks unique to PAMM Systems, which include, but are not limited to:

- a) Possible losses, unrealized gains, etc., that may arise when investing in PAMM Systems;
- b) Moral damage associated with financial losses;
- c) Risk of the PAMM System liquidation;
- d) The risk of losses resulting from technical difficulties that can lead to delays in transferring funds from one account to another;
- e) The risk of the Strategy Provider lacking required skills, experience and education;
- f) The Risk of the Strategy Provider's inability to access the PAMM System control due to either objective or subjective reasons;
- g) The risk of actions aimed at inflicting financial losses to investors for profit by the Strategy Provider;
- h) The risk of a hacker attack, which can result in third parties accessing the PAMM System trading terminal;
- i) Risk of payment of management fees, commissions and fees to the Strategy Provider for allowing a hostile act against the Investors;
- j) The risk of transition to a new Trading Interval because of the untimely filed or unprocessed request for withdrawal of funds by either objective or subjective reasons;
- k) The risk of losses due to an untimely filed, or dismissed, claim against COMPANY on behalf of the Strategy Provider for the violation of terms of trade;
- l) The risk of delays in receiving information about changes to these Terms or the terms of trade;
- m) The risk of a misunderstanding of the Terms & Conditions governing PAMM Systems or the terms of trade;
- n) The risk of possible claims and indifferences with the tax and financial authorities of jurisdictions where the Strategy Provider and/or the Investors is/are registered.

## **21. CHANGES AND THE VALIDITY OF THESE TERMS**

21.1. All provisions of these Terms shall come into force at the time the Client accepts the Offer.

21.2. COMPANY may make changes to these Terms at any time and at its sole discretion.

21.3. COMPANY shall notify its Clients of any change by any of the available means of communication. Amendments shall enter into force on the date designated in the notice of amendment, but not earlier than five (5) calendar days (including the day of mailing) from the time of mailing.

21.4. All amendments will be posted on the COMPANY website.