DEPAHO LIMITED

REMUNERATION POLICY

Introduction

1. Depaho Ltd (hereinafter referred to as "**the Company"**) is registered under Cyprus Company Law with License Number 161/11. It is authorized and regulated as a Cyprus Investment Firm (CIF) by the Cyprus Securities and Exchange Commission (CySec), under the Investment Services and Activities and Regulated Markets Law of 2007 (Law 144(I)/2007) (hereinafter referred to as "**the Law**"), as amended from time to time, and subject to CySEC Rules.

2. The Company, as a regulated investment firm is governed by the European Markets in Financial Instruments Directive (MiFID) which provides a harmonized regulatory environment for investment services across the European Economic Area (EEA).

3. The Company ensures that it takes all reasonable steps to identify and mitigate the conflict of interest situations between itself and its related persons, and whose existence may damage the interests of a client evolving from remuneration and compensation practices of the Company during the course of the provision of its services.

4. The Policy is approved by the Board of Directors (hereinafter referred to as "**the Board**"), after consulting with the Compliance function of the Company and implemented by appropriate functions through internal policies and practices so as to promote corporate governance and compliance with requirements of applicable legislation and directives.

Legal Framework

Law 144(I)/2007: regarding the provision of investment services, the exercise of investment activities, the operation of regulated markets and other related matters;

Directive DI144-2007-14: regarding the capital requirements of investment firms (hereinafter referred to as "**the Directive**");

Circular C031 (Guidelines GD-IF-07): Guidelines on remuneration policies and practices;

Circular C138: Remuneration policies and practices;

Circular C145: Clarifications for Circular C138-Remuneration policies and practices;

ESMA Questions and Answers: Relating to the provision of CFDs and other speculative products to retail investors under MiFID.

Remuneration Committee

5. According to the Directive DI144-2014-14, Cyprus Investment Firms which are significant in terms of size, internal organisation and the nature, the scope and the complexity of their activities, must establish a remuneration committee. The Company does not fall under the definition of 'Significant CIF' which derives from the Circular C081 regarding the definition of 'Significant CIF'. Therefore, the Company currently does not maintain a Remuneration Committee. It is highlighted that in case the Company will meet any of the criteria which will consider it as significant, the Board will proceed with the establishment of such a Committee in accordance with the applicable legal framework.

Responsibilities of the Board of Directors

6. The Company's Board is responsible for the approval, implementation and periodic review of the policy's general principles. The Board is further responsible for dealing with any queries that may arise in relation to the remuneration policy and its adoption.

7. The Board is responsible for approving and overseeing the remuneration of the highest paid staff and is obliged to approve the remuneration of the management, risk manager, compliance officer and internal audit function.

Responsibilities of the Compliance Function

8. The Compliance Function shall be involved in the design process of the remuneration policies and practices before these are approved and implemented to the relevant persons. In order to control the design of remuneration policies and practices and the approval process for these, the compliance function should verify that the firm complies with the conduct of business and conflicts of interest requirements under the Law, and should have access to all relevant documents.

9. The Compliance Function will be involved in the review process of this policy as well as in its periodic assessment.

Purpose of the Policy

10. The purpose of the Remuneration Policy (hereinafter referred to as **"the Policy")** is to strengthen client's protection by improving the implementation of the conflicts of interest and conduct of business requirements under the Law in the area of remuneration and improving the services provided by the Company.

11. Furthermore, this present Policy is to ensure compliance with the conflict of interest requirements set out in Section 18(2)(b) and 29 of the Law.

12. In addition to the above, the purpose of the Policy is also to ensure the compliance with the conduct of business rules set out in Section 36 of the Law.

13. The Policy benefits from the full support of Senior Management and supervisory functions in order to ensure the compliance with the conflicts of interest and conduct of business policies and procedures.

Remuneration

14. All managers, employees, tied agents, or other relevant persons as well as any person directly or indirectly linked to the Company by control (hereinafter referred to as "**Engaged Persons**") are covered by the Policy including any person who can have a material impact on the services provided, on the conduct of business risk profile, and who can influence corporate behaviour. This includes but is not limited to:

    a) client-facing front-line staff; and/or
    b) other staff indirectly involved in the provision of investment, ancillary or support services whose remuneration may create inappropriate incentives to act against the best interests of the clients.

15. Remuneration is decided by the Senior Management body that controls the business and is reviewed by the Board at such intervals as it shall be decided at the Company's sole discretion.

16. The Company's remuneration consists of a fixed component and under certain conditions a combination of a fixed and a variable component.

17. The Company's remuneration schemes are based on an environment of adequate controls and a thorough segregation of duties that potential variable component payments should not give rise to conflicts of interest nor induce undue risk taking.

Fixed Remuneration

18. Fixed remuneration varies for different positions/roles depending on the positions' requirements and consideration of educational background, experience, accountability and responsibility needed for an employee to perform each position/role requirements.

    The minimum amount of remuneration defined by applicable Employment Law is taken under consideration in defining the remuneration of each employee and is at the Company's sole discretion to pay the employee salary above the minimum amount taking into consideration also standard market practices.

Variable Remuneration

19. Variable remuneration component, when granted, is always co-existing as an addition money companion on top of a base salary.

    The Company does not provide 100% variable salary to Employees.

    The Company aligns variable remuneration and uses best practice principles under the following headings:

    1. Governance;
    2. Use of quality measures in a balanced blend with quantitative criteria;
    3. Performance appraisal;
    4. Monitoring and quality controls of Engaged Persons receiving variable remuneration;
    5. Granting penalties / deterrents;
    6. Managing Conflicts of Interest and risky components of incentive schemes.

    When remunerating on variable basis, the Company ensures that the composition of such remuneration arrangement focuses on encouraging the right culture and behaviours of its employees, while actively discouraging poor practices.

    The Company works towards shifting the focus away from setting and driving incentives based on variable remuneration and tries to focus on quality of service, regulatory issues and development.

20. Remuneration consists of all forms of payments or benefits provided directly or indirectly by firms to relevant persons in the provision of investment and/or ancillary services to clients. It can be either financial (such as cash, shares, options, cancellations of loans to relevant persons at dismissal, pension contributions, remuneration by third parties e.g. through carried interest models, wage increases) or non-financial benefits in kind (such as career progression, health insurance, discounts or special allowances for car or mobile phone, generous expense accounts, seminars in exotic destinations, etc.).

21. In deciding remuneration standards, the Company ensures that the ratio between fixed and variable components of the remuneration is appropriate, taking into account the best interests of its clients.

Guaranteed variable remuneration

22. Guaranteed variable remuneration is defined as any remuneration which falls outside the definition of fixed and variable remuneration which is granted instead of, in addition to or as part of variable remuneration.

    Guaranteed variable remuneration is not consistent with sound risk management or the pay-for-performance principle and shall not be a part of prospective remuneration plans. Guaranteed variable remuneration is exceptional, occurs only when hiring new staff and where the Company has a sound and strong capital base and is limited to the first year of employment.

Remuneration Principles

23. The following principles apply to the Company to the extent that is appropriate to the size, internal organization and the nature, the scope and the complexity of the Company's activities:

    a) Senior Management body, in its supervisory function of the Company, adopts and periodically reviews the general principles of the Policy and is responsible for its implementation;

    b) Engaged Persons in control functions are independent from the business units they oversee, have appropriate authority and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control;

    c) The remuneration of the senior officers in the risk management and compliance functions is directly overseen by the senior management body in its supervisory function and reviewed by the Board of Directors;

    d) The assessment of the performance is set on a sufficient period framework in order to ensure that the actual payment of performance-based components of remuneration is spread over a period which takes account of the underlying business cycle of the Company and its business risks;

Other Remuneration Principles

Payments Related to Early Termination

24. The Company must ensure that payments related to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure or misconduct.

Payments Related to Compensation or Buy out from Contracts

25. Remuneration packages relating to compensation or buy out from contracts in previous employment must align with the long-term interests of the Company including retention, deferral, performance and claw back arrangements.

Conflicts of Interest

26. The Company when designing remuneration policies and practises identifies the types of remunerations that may entail conflicts of interest and takes reasonable measures to prevent them unless it is able to manage the conflicts in an objective and demonstrable manner. The remuneration policies and practices are designed in a way that prevent potential conduct of business and conflict of interest risks from adversely affecting the interests of their clients.

27. The Policy of the Company has been designed in such a way so as to avoid incentives that may lead persons to favour their own interests, or Company's interests, to the potential detriment of clients.

28. When assessing the conflicts of interest arising from the use of service providers that perform activities on behalf of the Company offering CFDs or other speculative products to retail clients, the Company should consider, inter alia, the following aspects:

    a. How the Company establishes, implements and maintains an effective conflicts of interest policy that takes into account its relationships with other parties. Where activities and functions are outsourced to another member of the same group, the Company's conflicts of interest policy should also take into account conflicts of interest arising from such intragroup arrangements, in particular given the link between the commercial interests of the firm and the other entities in the group that it is part of.

b. Whether the remuneration arrangements in place between the Company and other parties are in compliance with the Company's conflicts of interest policy, to ensure that such arrangements do not impair the Company's duty to maintain and operate effective organisational 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. In particular, the Company should consider whether it should be required to restructure its remuneration agreements with other parties to avoid or better manage any conflicts of interest presented by such agreements. The Company is not permitted to over-rely on disclosure without adequate consideration as to how a conflict of interest may be appropriately managed.

Remuneration of Executive Directors

29. The remuneration of the Executive Directors ensures the Company's continued ability to attract and retain the most qualified Executive Board members and a good basis for succession planning. The remuneration of the Executive Board is assessed annually and developments in market practice are assessed systematically.

30. The remuneration of the Executive Directors consists of a fixed pay and incentive programs. The performance of Executive Directors is assessed once a year. The Annual Report specifies the Executive Directors remuneration.

Remuneration of the Board of Directors

31. Members of the Board of Directors receive a fixed fee. Board members are not covered by incentive programs and do not receive performance-based remuneration. The basic fee of a Board member is set at a level that reflects the qualifications and contribution required in view of the Company's complexity, the extent of the responsibilities and the number of board meetings. No pension contributions are payable on Board members' fees. The amount of payment to Independent Non-Executive Directors is controlled so as not to potentially create incentives for the compromise of independence.

32. The Board of Directors may deviate from this policy in individual cases if justified by extraordinary circumstances.

Remuneration of Risk takers and employees in control functions

33. The remuneration of material risk takers and Engaged Persons in control functions (including Internal Audit, Compliance, Finance and Risk Management) is subject to strict conditions. Once a year, the Board of Directors identifies employees who may take material risks on behalf of the Company and ensures that employees in these functions receive competitive remuneration.

34. The definition of risk takers in a company must be based on a thorough assessment of roles, responsibilities and actual mandates of positions that could be included as risk taker positions by the intention of the new legal framework, as well as a sound assessment of risk under the specific characteristics of Company's business. Special attention must be paid to mandates in relation to financial instruments, investment of company funds, trading mandates, control and compliance functions and senior managerial responsibilities. In the process of defining Company risk takers relevant stakeholders and specialists must be involved e.g.: external legal advisors, risk management, internal legal experts, senior management and business expertise from all relevant business units.

Disclosures

35. The Company may disclose information, regarding its Policy and practices for those categories of staff whose professional activities have a material impact on its risk profile. In such a case the Company may disclose at least the information mentioned in Article 450 of the Regulation (EU) No 575/2013.

Examples of Remuneration Schemes that create conflicts of interest:

1. Remunerations as a percentage of the total volume of transactions, or the value of transactions, or the value of clients' deposits.
2. Remuneration based on retention of clients e.g. based on a predefined percentage of cancellation of withdrawal requests that an employee manages to achieve.
3. Remunerations based on the number of potential clients who have actually become clients.
4. Remunerations as a percentage of the net revenue accruing to the CIF in respect to clients' transactions (closed P&L of clients).
5. Fixed remunerations based on the number of new clients attracted.
6. Offering advisers specific additional remuneration to encourage clients to apply for new fund products in which the Company has a specific interest. This often involves the relevant person having to suggest that their clients sell products that they would otherwise recommend they retain so they can invest in these new products.
7. Managers and employees receive a large bonus linked to a specific product. As a result, the Company sells this specific product irrespective of the suitability of this product for the clients addressed. Warnings from the Risk Manager are ignored because the investment products generate high returns for the Company. When the risks that had been identified occur, the products have already been sold and the bonuses have already been paid out.
8. The variable component of the total remuneration is based only on volumes sold, and increases the relevant person's focus on short-term gains rather than the client's best interest.
9. Relevant persons rather than considering the appropriateness of a product for a client, focus on the sale of products that have a short investment term in order to earn remuneration from re-investing the product after the short term.
10. The Relevant Persons 'employees responsible for providing marketing activities on behalf of the Company, which are remunerated by the Company based only on the sales or trading volumes of the Company. In this case, the Relevant Persons' employees may be incentivised to act in a manner that is not necessarily in the best interests of retail clients, for example by pursuing more aggressive marketing strategies. This is of particular relevance given that the speculative nature of CFDs and other similar products means they may not be appropriate for the mass retail market.
11. The Relevant Persons' employees responsible for the on-boarding activity, including the gathering and provision of information relevant for the assessment of appropriateness is remunerated based only on the volumes of new clients' on-boarded either variable or fixed. In this case, the Relevant Persons' employees may be incentivised to act in a manner that is not in the best interests of clients in order to maximise the numbers of new client accounts. This is especially important given that CFDs and other speculative products are complex products that may not be appropriate for a majority of retail clients.
12. The Company engages a specialist financial education provider to provide online training for its clients and potential clients on how to use market data when deciding how to trade in CFDs or other speculative products. The education provider is remunerated by the Company based on the volume of clients who received the online training and who subsequently trade CFDs or other speculative products with the Company. In this case, the education provider may be incentivised to act in a manner that is not in the best interests of clients in order to maximise the number of clients transacting in CFDs or other speculative products.

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