

Date	28.04.2023
Version	1.0

HOW INVESTORS ARE PROTECTED ON INDEMO

REGULATED ENVIRONMENT

Consumer protection is one of the main priorities for regulators in Europe. INDEMO, being a European licensed Investment firm, is subject to strict financial regulation on national and regional level. Compared to other unregulated investment platforms, INDEMO follows established rules and requirements ensuring a high degree of harmonised protection for investors. Operating in a robust regulatory framework, INDEMO provides diversity in financial markets with safer, sounder, more transparent, and more responsible financial instruments.

INDEMO has the Investment firm license (No 06.06.08.824/547 from 15.11.2022) from Latvijas Banka, the central bank of Latvia (<https://www.bank.lv/>), which also oversees the Company's operations.

Under the license, INDEMO is allowed to provide investment services and ancillary (non-core) investment services, including Portfolio management, Placing of financial instruments without a firm commitment basis, Investment advice, Holding of financial instruments, Execution of orders on behalf of clients, Providing a recommendation on investment research, financial analysis or other general recommendation in respect of transactions in financial instruments, Services related to underwriting.

<https://uzraudziba.bank.lv/en/market/investment-service-providers/investment-firms/indemo-sia/>

MULTIPLE LAYERS OF PROTECTION

INDEMO's top priority is to keep clients' funds safe and secure. When clients invest their money through INDEMO, the following mechanisms are put in place to ensure multiple layers of protection and guarantee a safer and more transparent environment:

- 1) according to the Investor Protection Law, in cases if INDEMO is unable to meet its obligations in full- and within-time limits, the investors are entitled to receive a compensation of up to 20 000 euro;
- 2) INDEMO established effective internal control system and proactively identifies and prevents potential conflicts of interest, which may arise during the course of provision of investment services;
- 3) INDEMO only acts as an intermediary and holds clients' financial instruments and funds separately from its own assets, making sure the creditors of INDEMO do not claim your assets;
- 4) INDEMO holds clients' funds in segregated accounts only with licensed EU financial institutions;
- 5) INDEMO assesses suitability and appropriateness to ensure that financial products and services match each investor's specific situation and interests;

- 6) INDEMO transparently discloses product information about the investments and relevant risks on its website and the relevant documents (including Notes base prospectus, Final Terms, and Key information documents) ensuring that investors make informed financial decisions;
- 7) INDEMO undergoes periodic internal and external audits;
- 8) INDEMO establishes multi-level data protection and account security measures for preventing unauthorized parties from accessing clients' account.

APPLICABLE REGULATION

The Investor Protection Law

Since 1 January 2002, the Investor Protection Law has been in force in Latvia which lays down general principles for the operation of investor protection system, the procedures for the provision of financing necessary for its functioning and disbursement of compensations. Investor compensation scheme was established according to Directive 97/9/EC and protects retail investors irrespective of their country of residence.

In cases where Latvijas Banka ascertains that INDEMO is unable to meet its obligations in full and within time limits, or a court ruling on declaration of insolvency or liquidation of INDEMO has entered into force, the investors are entitled to receive a compensation of up to 20 000 euro.

Investor protection does not cover investment risk, i.e. losses caused by decreases in the market value of investments or bankruptcy of an issuer of securities.

More info:

<https://www.bank.lv/en/operational-areas/customer-protection/operation-of-guarantee-funds/protection-of-the-financial-instrument-market-clients-investors#investment-firms>

The Markets in Financial Instruments Directive (MiFID)

Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

MiFID II Directive applies to investment firms, market operators, and third-country firms providing investment services or performing investment activities in the European Union. This Directive establishes requirements in relation to authorisation and operating conditions for investment firms and regulated markets; provision of investment services or activities; and supervision, cooperation, and enforcement by the authorities.

More info:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0065>

Markets in financial instruments regulation (MiFIR)

Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012.

MiFIR legislation applies to EU investment firms, credit institutions, insurance, and other financial counterparties and non-EU firms with the necessary authorisation from the European Commission. It covers disclosure of trade data to the public, reporting of transactions to the relevant authorities, trading of

derivatives on organised venues, non-discriminatory access to clearing and trading in benchmarks and other areas. MiFIR ensures that financial instruments markets are more transparent, work more efficiently, and provide investors with more protection.

More info:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014R0600>

Packaged retail and insurance-based investment products (PRIIPs)

Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs).

The PRIIPs Regulation deals with pre-contractual information in the form of key information documents (KIDs) improving transparency in the investment market. These documents have to be provided by those producing or selling investment products to consumers. KIDs provide consumer-friendly information about the key features of investment products, including what investors might gain and the risks and costs involved.

More info:

<https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32014R1286>

The prospectus regulation

Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

It helps companies, including small and medium-sized enterprises (SMEs), access different forms of finance in the European Union (EU). It does so by simplifying and streamlining the rules and procedures for drawing up, approving and distributing the prospectus they publish when offering securities to the public or admitting securities to trading on a regulated market. The legislation enables investors to make the right investment decision by providing comprehensible, easy to analyse and concise information.

More info:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017R1129>

The Investment Firms Regulation (IFR) and the Investment Firms Directive (IFD)

Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms. IFD and IFR frameworks includes capital requirements for investment firms based on their asset size and the risk-sensitivity and adapts governance, remuneration and reporting requirements.

More info:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32019R2033>

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32019L2034>