

# Terms and Conditions

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## Terms and Conditions of DonauCapital Pure Investment GmbH

- 1 **What is the scope of the Terms and Conditions and how is the contract concluded?**
  - 1.1 These Terms and Conditions („T&Cs“) form the basis of your contractual relationship with DonauCapital Pure Investment GmbH (hereinafter referred to either as "Pure" or "we").
  - 1.2 In addition to these T&Cs, there are other documents that are important for the contractual relationship between you and us. These are in particular the following documents:
    - a) Risk Disclosure
    - b) Best Execution Policy
    - c) Conflict of Interest Policy
    - d) Ex-ante Information on Costs
    - e) Information for Consumers
    - f) Information on the Handling of Complaints
    - g) Information on the Processing of Data
  - 1.3 From the time of the conclusion of the contract, the T&Cs apply to all matters, transactions and legal relationships that are carried out or arise within the context of your contractual relationship with us.
  - 1.4 The contract between you and us is concluded when you have completed the account opening process, including the proof of your identity, and we subsequently confirm the conclusion of the contract to you.
  - 1.5 The object of the contract between you and us is the performance of social trading by means of transactions with contracts for differences (hereinafter referred to as "CFD" or "CFDs").
  - 1.6 Social trading means that you (as a so-called signal taker) do not take the decisions concerning the conduct of transactions in financial instruments yourself, but select one or more market participants (so-called signal providers) and use their trading decisions as a basis for your own



transactions. Since the trading decisions of a signal provider should be based on a consistent investment strategy, DonauCapital also refers to a signal provider as a "Strategy Provider" and to a signal taker as a "Strategy Investor".

- 1.7 Our service is to provide you with an infrastructure in which
- a) you can view information about different Strategy Providers, e.g. their trading strategy, transaction history and the costs incurred when selecting that Strategy Provider;
  - b) you can select Strategy Providers whose transactions are to be implemented in your account;
  - c) trading orders from Strategy Providers selected by you are automatically routed to a Broker on your behalf for execution as part of a collective order without any further intervention by you.
- 1.8 We provide the service described in section 1.7 exclusively on the basis of CFDs. CFDs are financial instruments in the form of derivatives that involve significant risk. The higher the leverage used in a transaction, the higher the risk.
- 1.9 Although we will, in accordance with applicable law, check whether the service is suitable for you before entering into the contractual relationship, you should consider for yourself whether you wish to use the service described and whether you are prepared to bear the associated risks. For this purpose, we advise you to thoroughly familiarise yourself with CFDs, social trading and the associated risks before concluding the contract with us. For this purpose, we provide you with the document "Risk Disclosure", in which both the functioning and risks of CFDs and the functioning and risks of social trading are explained.

## 2 What is the role of the different stakeholders?

- 2.1 For our service to be implemented, four parties must interact with each other, each in different capacities, namely you as the signal taker, we as the provider of the infrastructure for social trading, a Strategy Provider as the one who makes the trading decisions, and the broker as the executing agent for the trading orders ("order") placed by the Strategy Provider and you. The following is a brief description of the function of each of these parties.
- 2.2 You as a client (hereinafter referred to either as "client" or "Strategy Investor") have the central function of deciding when you wish to use the service and when the service should be terminated. You can do this by logging into your user account on our online platform and making the appropriate settings there in order to have the future trading decisions of one or more Strategy Providers implemented in your account (this is also referred to as "following" the Strategy Provider(s)) or to terminate the implementation of the trading decisions of a Strategy Provider previously authorised by you. If you set your user account to follow a specific Strategy Provider, all transactions of that Strategy Provider will also be executed for you. Your decision to follow a Strategy Provider will only take effect after a short delay of approximately 5 minutes. The opposite decision, i.e. to stop following a Strategy Provider you have previously activated, will also only take effect after a delay. This delay can be up to 60 minutes when you stop following a Strategy Provider.
- 2.3 In order to be able to use our services, you need an account with a broker cooperating with us. You can find out which brokers are cooperating with us on our online platform or by contacting our customer service.
- 2.4 We provide the infrastructure for social trading. the online platform and social trading technology. The infrastructure comprises the online platform (hereinafter referred to as the "our platform") and the social trading technology. Our platform allows Strategy Investors to learn about Strategy Providers by viewing their transaction history and other relevant information. Our social trading infrastructure provided allows Strategy Investors to have the trading decisions of their selected Strategy Providers

automatically executed in their own account.

2.5 A Strategy Provider has the task of making trading decisions on the basis of a predefined trading strategy, keeping all important aspects in view, i.e. in particular applying risk and money management that is consistent with the trading strategy.

2.6 The Broker has the capacity to manage the trading accounts of the Strategy Providers and Strategy Investors, to hold the funds deposited by them and to execute the orders of the Strategy Providers and Strategy Investors. In order to be able to use our service, you therefore need an account with a broker cooperating with us. You can see which brokers these are on our website. We have the right to terminate the cooperation relationship with a previously cooperating broker or to name additional cooperating brokers. We will inform you in good time about the termination of a cooperation relationship.

### **3 Who can open an account with DonauCapital?**

3.1 Any person of full age and legal capacity and any company may open an account with us. The account that can be opened with us is not a bank account or brokerage account, but a user account that enables the use and control of social trading.

3.2 If an account is to be opened for a person who does not have full legal capacity or a group of persons which does not have full legal capacity, it is important that they are properly represented. In this case, the respective representative should go through the account opening process and disclose the representative relationship when opening the account.

### **4 How do you open an account with us?**

4.1 To open an account with us, you must complete our account opening process. In addition to answering the questions asked there, this also includes having yourself identified in one of the ways offered for this purpose.

4.2 Please note that we are only allowed to offer you our services if they are suitable for you. We will assess whether this is the case on the basis of the information you provide in the account opening process. It is therefore important that you answer the questions asked there completely and accurately.

## 5 What happens to your data?

5.1 When opening an account, you will be asked to provide information about yourself, your investment objectives, financial circumstances and your knowledge and experience in trading financial instruments. In addition, we may also obtain knowledge of personal data and circumstances due to the business relationship with you. We will treat all personal data confidentially in accordance with the Data Protection Notice available on the platform.

5.2 We will ask you at regular intervals to update the information provided when you opened your account. It is in your own interest that the information provided to us is up to date, so you should check that the information is up to date and correct any information that is no longer accurate.

5.3 In addition, if there are any changes to the information you provided to us when you opened your account, you are obliged to notify us of these changes without being asked to do so.

## 6 What are the rules of conduct on our platform?

6.1 There are different rules of conduct for Strategy Investors and Strategy Providers. Below, we describe the rules of conduct for Strategy Investors.

6.2 It is essential that you keep the login details to your account secret and protect them from unauthorised access by third parties. This is very important because someone who has access to your account can change settings in your account and thus inflict damage on you.

6.3 Our platform is intended for the performance of social trading. It is

prohibited to use the platform or individual components thereof for any purpose other than the purpose stated in sentence 1.

6.4 It is prohibited to install viruses or other malware on the platform or to introduce viruses or other malware into it in any way.

6.5 It is prohibited to reproduce the platform or parts thereof or to install or incorporate software on the platform which is intended to spy on us, the platform or users of the platform or to obtain information about us, the platform or users of the platform which is not transmitted to you with our consent.

## **7 How much does social trading cost?**

7.1 As the Strategy Providers are remunerated by us, you will (apart from the costs incurred by you for being able to use of the service, e.g. for telecommunication, internet connection and computer hardware) only have to make payments to us for the use of social trading and bear the costs incurred by the broker for trading with CFDs. These costs are explained in more detail below.

7.2 A remuneration is agreed for social trading which is variable and consists of two components: a management fee ("Management Fee") and a performance fee ("Performance Fee").

7.2.1 The Management Fee is a fee, the amount of which depends on how much capital you allocate to a particular Strategy Provider to invest. The management fee is between 0.5% and 2% per annum, depending on the Strategy Provider selected, and is charged pro rata at the end of each day, except Saturdays and Sundays, and debited from your trading account. You can see how much the management fee is for a particular Strategy Provider in the presentation of that Strategy Provider on our platform.

7.2.2 The Performance Fee is a fee, the amount of which depends on how much profit you make by following a particular Strategy Provider. Depending on the Strategy Provider selected, the performance fee is between 15% and 35% of the profit made with the strategy in question. The profit is

calculated after taking into account the costs mentioned in clause 7.3. The performance fee is settled on a monthly basis. The basis for the calculation of the performance fee is the so-called "highwatermark method". Highwatermark method means that two peaks of the capital invested by the Strategy Investor are compared in order to calculate the profit achieved by the Strategy Investor. If the Strategy Investor initially invests e.g. 1,000 € to follow a certain Strategy Provider, these 1,000 € form the first peak. If this capital increases to a new peak of e.g. 1,500 € due to the trading decisions of the Strategy Provider, the two peaks are compared with each other to determine the Strategy Investor's profit. In our example, the profit would be 500 €, so the percentage of the 500 € applicable to the Strategy Provider in question would have to be paid as a performance fee. If the performance fee for the Strategy Provider in question was for example 20%, 100 € of the profit would have to be paid as a performance fee in this example. The Strategy Investor's account balance would therefore be 1,400 € after deducting the performance fee, so that this account balance of 1,400 € forms the new peak. If the value of the capital invested subsequently falls below 1,400 € due to the trading decisions of the Strategy Provider, a performance fee is only due again if the value of the capital invested by the Strategy Investor subsequently rises again above the previous peak of 1,400 € due to the trading decisions of the Strategy Provider.

- 7.3 In addition to the fees payable to us, there are costs incurred in social trading for trading CFDs. The different types of costs are explained below. More detailed information on the specific amount of the respective cost items can be found on the broker's website.
- 7.3.1 Each transaction in CFDs consisting of opening and closing a position results in costs based on the difference between the bid and ask price of a CFD. This difference between bid and ask price is called the "spread". The spread is not the same for every CFD, but differs depending on the underlying asset. In addition, the amount of the spread quoted by a broker is not constant, but usually changes in different market conditions.
- 7.3.2 With regard to trading in CFDs carried out on the basis of social trading, it should be noted that additional fees are charged here by the broker

which would not be incurred when trading in CFDs without using social trading. Depending on the underlying asset, these fees consist either of a commission to be paid per unit traded or of an increase in the spread.

7.3.3 In addition to the costs mentioned in clause 7.3.1 and 7.3.2, which are incurred for every transaction, there are other cost components that are only incurred in certain situations. These are

- a) overnight fees, which are only incurred if a position is held beyond the end of a trading day (i.e. overnight);
- b) currency conversion costs when trading a CFD whose underlying is denominated in a currency other than the currency in which the Strategy Investor's trading account is maintained;
- c) compensation payments to be made to the broker in certain cases to account for the impact of corporate actions or dividend payments on the underlying.

7.4 In order to use our service, you will be prompted during the account opening process to consent to the broker transferring the fees incurred for social trading from your trading account to us. You can withdraw this consent with future effect, but your consent is required in order to use social trading. Based on your consent, the fees will be settled via your trading account, so you do not need to take any further action to make the corresponding payments.

## **8 Are there safety mechanisms that reduce the existing risks?**

8.1 We have developed a security mechanism intended to reduce the risks inherent in social trading.

8.2 The safety mechanism consists of automatically closing all of the Strategy Investor's positions based on the relevant strategy at the next available price when certain loss thresholds are reached. The system thus monitors the results achieved by a Strategy Investor with a strategy selected by him and intervenes when the Strategy Investor's losses reach one of the thresholds defined below. In this case, the system intervenes by closing all the Strategy Investor's positions based on the relevant strategy at the

next price available after the loss threshold has been reached.

- 8.3 Please note that the safety mechanism does not guarantee that your losses will be limited to those incurred when the loss threshold is reached. As the next available price **after** the loss threshold has been reached may be less favourable (or more favourable) to you than the price **when** the loss threshold was reached, your realised losses may be higher (or lower) than the losses when the loss threshold was reached.
- 8.4 The safety mechanism includes different loss thresholds. These loss thresholds define a maximum acceptable loss per day, per week and per month, as well as a maximum acceptable total loss independent of the investment duration. The values of the maximum acceptable losses per day, per week, per month and per total differ depending on the extent of the risk of a particular strategy. In this respect, a distinction is made between low-risk, medium-risk and high-risk strategies.
- 8.5 The following loss thresholds are defined for the respective risk categories:
- 8.5.1 Upon reaching the following loss thresholds, all positions based on a low risk strategy will be closed:
- Maximum acceptable loss per day: 2%.
  - Maximum acceptable loss per week: 5%.
  - Maximum acceptable loss per month: 10%.
  - Maximum acceptable total loss: 15 %.
- 8.5.2 Upon reaching the following loss thresholds, all positions based on a medium risk strategy will be closed:
- Maximum acceptable loss per day: 3%.
  - Maximum acceptable loss per week: 8%.
  - Maximum acceptable loss per month: 20%.
  - Maximum acceptable total loss: 30 %.
- 8.5.3 Upon reaching the following loss thresholds, all positions based on a high risk strategy will be closed:
- Maximum acceptable loss per day: 5%.

Maximum acceptable loss per week: 12%.

Maximum acceptable loss per month: 30%.

Maximum acceptable total loss: 40 %.

- 8.6 After the safety mechanism has been triggered and all relevant positions have been closed, we will ask you whether or not you wish to continue to follow the relevant strategy. If you indicate that you wish to continue following the strategy, all trading decisions made by the Strategy Provider will be implemented for you again approximately 5 minutes later.

## 9 How is the money invested?

- 9.1 The social trading we offer is legally classified as portfolio management. This service consists of us investing the funds provided by you for this purpose in accordance with the investment guidelines agreed between the parties. The investment guidelines agreed are:

- a) The funds shall be invested exclusively in CFDs;
- b) All CFDs offered by the broker for social trading can be traded;
- c) The funds are invested according to the trading signals generated by the trading decisions of the Strategy Providers selected by you;
- d) If the losses generated by a strategy reach one of the thresholds defined for that strategy in clause 8, all positions based on that strategy will be closed at the next available price;
- e) profits generated by social trading will be reinvested, thereby increasing the maximum amount you can invest in social trading.

- 9.2 Each Strategy Provider shall describe on our platform the trading strategy on which he intends to base his trading decisions. However, the description of this trading strategy is only indicative and does not constitute a binding specification or an extension or supplement to the investment guidelines agreed in clause 9.1. Rather, the Strategy Provider is free in his trading decisions and may also make trading decisions that deviate from the described trading strategy. Therefore, we have the right and also the obligation to also route such trading decisions of a Strategy Provider to the Broker as trading orders for the Strategy Investors following this Strategy Provider, which do not correspond to the trading

strategy of the relevant Strategy Provider described on the platform.

**10 What kind of information do you receive about the performance and results of social trading?**

10.1 We will provide you with the information set out below about the performance and results of social trading:

10.1.1 Your User Account will show you all open positions and all transactions that have been executed for you in the past (if initiated by social trading).

10.1.2 We will send you a monthly report each month showing the changes in the value of your portfolio held with us over the reporting period.

10.1.3 If the total value of your portfolio or individual transactions carried out by you falls by 10% or a multiple of 10%, we will notify you accordingly.

10.2 In order to access the information referred to in the previous paragraphs, you must log in to your user account on our platform. With regard to certain information, you can set your user account so that you are notified, e.g. by email or text message sent to your mobile phone, when a corresponding message is received in your account.

**11 How can these T&Cs be amended?**

11.1 Amendments to these T&Cs by which the prices of the services provided by us are to be changed require the express consent of both parties to the contract. The same shall apply to such amendments to these T&Cs by which a material change in the balance of the exchange of services agreed between the parties is to be effected.

11.2 If any amendment is to be made to these T&Cs in respect of matters not covered by clause 11.1, such amendment shall be subject to the following provisions:

11.2.1 The T&Cs, including any proposed changes, will be sent to you no later than two months before they come into force. They may be sent either to

the inbox of your user account on our platform or to the email address you have provided to us. If you do not object to the coming into force of the new T&Cs within two months of receipt of the message, the new T&Cs will be deemed to have been accepted. In the message containing the new T&Cs, we will explicitly inform you of the significance of your silence and the time limit granted to you to object.

- 11.2.2 If, in the case of clause 11.2.1, you object to the application of the new T&Cs within the two-month period, we shall be entitled to terminate the contract with you with immediate effect. In this respect, your objection is deemed to be an important reason entitling us to terminate the contract without notice.

## **12 How can this contract be terminated?**

- 12.1 You shall be entitled to terminate the contract with us at any time in text form (e.g. by email) without notice. Please note that we are not allowed to provide any services to you after the termination takes effect and will therefore have any open positions closed.

- 12.2 We shall be entitled to terminate the contract with you at any time in text form (e.g. by email) subject to a notice period of 2 weeks. In addition, we have the right to terminate the contract with you in text form (e.g. by email) for important cause without observing a notice period. It shall be deemed as an important cause entitling us to terminate the contract without notice, particularly, but not limited to, if:

- a) insolvency proceedings or comparable proceedings have been opened against your assets or the opening of insolvency proceedings or comparable proceedings has been applied for;
- b) a significant deterioration in your financial circumstances occurs or threatens to occur and the fulfilment of a liability towards us or a broker cooperating with us is jeopardised as a result, even with the realisation of a collateral existing for this purpose;
- c) you have given us incorrect information about your financial circumstances or other circumstances which were of considerable importance for our decision to conclude a contract with you;

- d) you object to any amendment to the T&Cs proposed by us in accordance with clause 11.2.1 within the period specified therein;
- e) you insult, defame, threaten, belittle or disparage a person working for us (e.g. managing director, employee, Strategy Provider) and this behaviour makes cooperation with you unacceptable for us;
- f) there are facts that give rise to reasonable suspicion that you have committed or attempted to commit a criminal offence or misdemeanour in connection with the performance of the contract with us;
- g) you have breached any material obligation under this Agreement (in particular the rules of conduct set out in clause 6) and, after being requested to do so by us, you have not remedied the breach within a reasonable period of time set by us, or if, after being notified by us of a breach of a contractual obligation, you breach that obligation again.

## **13 Which law is applicable to the contract and in which courts are rights to be enforced?**

13.1 The law of the Federal Republic of Germany shall apply under exclusion of the UN Convention on Contracts for the International Sale of Goods. If you have concluded this contract as a consumer and do not have your habitual residence in the Federal Republic of Germany at the time of conclusion of the contract, the application of mandatory legal provisions of the country in which you have your habitual residence remains unaffected by the choice of law made in sentence 1 of this clause.

13.2 If you are a merchant within the meaning of German commercial law at the time of conclusion of the contract, the courts of the city of Düsseldorf shall have local jurisdiction for all legal disputes arising from or in connection with this contract. A merchant within the meaning of German commercial law is anyone who operates a commercial business, i.e. a business enterprise, unless the nature or scope of the business does not require a business operation set up in a commercial manner.

## **14 Severability clause**

Should any provision of these T&Cs be or become invalid or unenforceable, the validity of the remaining provisions of the T&Cs shall not be affected thereby. Rather, in this case such a provision shall be deemed to be agreed by which the economic purpose intended by the invalid or unenforceable provision is achieved as far as possible in a legally effective manner. The same shall apply if a loophole requiring regulation becomes apparent during the execution of these T&Cs.