



Confidential
Information
Memorandum

**CROWDAXE
INVESTOR PROTECTION SCHEME
RULEBOOK**

1. PREAMBLE

This Investor Protection Scheme ("IPS") is established by Crowdaxe Capital (Private) Limited to protect investors participating in crowdfunding campaigns hosted "Crowdaxe" ("the Platform"). The IPS is designed to align with the Securities and Exchange Act [Chapter 24:25], applicable Securities and Exchange Commission of Zimbabwe (SECZ) rules and the SECZ Regulatory Sandbox Framework.

The IPS provides procedural safeguards, transparency standards, fund protection mechanisms, claims handling procedures, and limited compensation for losses arising from platform-related misconduct or failure. It does not eliminate investment risk.

2. LEGAL BASIS & REGULATORY STATUS

2.1 This IPS is a private, platform-level investor protection framework and does not replace statutory investor protection mechanisms administered by SECZ.

2.2 The IPS operates pursuant to:

- The Securities and Exchange Act [Chapter 24:25]
- SECZ Rules, Notices, and Guidelines
- Common-law fiduciary principles
- SECZ Regulatory Sandbox conditions

3. DEFINITIONS

"Act" means the Securities and Exchange Act [Chapter 24:25].

"Campaign" means a fundraising offer hosted on the Platform.

"Crowdfunding" means raising capital from multiple investors through an electronic platform in exchange for securities or approved instruments.

"Custodian Account" means a segregated trust or escrow account holding Investor Funds.

"Eligible Investor" means an investor who has completed onboarding, KYC, AML, and suitability assessments.

"Investor" means any natural or juristic person investing through the Platform.

"Investor Funds" means monies committed by Investors prior to disbursement to an Issuer.

"Issuer" means an entity raising capital via the Platform.

"Material Information" means information that would influence an investment decision.

"Platform Malpractice" means fraud, misappropriation, gross negligence, or material regulatory breach by the Platform.

"Retail Investor", "Sophisticated Investor", and "Institutional Investor" have the meanings assigned by the Platform's classification rules.

"SECZ" means the Securities and Exchange Commission of Zimbabwe.

4. OBJECTIVES OF THE IPS

The objectives of the IPS are to:

4.1. Protect Investor Funds

- 4.2. Promote transparency and fair disclosure
- 4.3 Mitigate platform-related operational risk
- 4.4. Provide structured dispute resolution
- 4.5. Enhance confidence in Zimbabwe's crowdfunding market

5. GOVERNANCE & OVERSIGHT

- 5.1 The Platform shall maintain an Investor Protection Committee responsible for:
 - 5.1.1 Oversight of IPS implementation
 - 5.1.2 Investigation of claims
 - 5.1.3 Compensation recommendations
 - 5.1.4 Regulatory reporting
- 5.2 Accountability to SECZ
 - 5.2.1 The Platform shall cooperate fully with SECZ and report material investor harm events.

6. INVESTOR ELIGIBILITY & SUITABILITY

- 6.1. All investors must complete KYC/AML and risk profiling.
- 6.2. Investment limits may apply to Retail Investors.
- 6.3. Investors must acknowledge all risk disclosures.

7. DISCLOSURE & TRANSPARENCY RULES

- 7.1 Issuers must disclose:
 - 7.1.1 Legal identity and ownership
 - 7.1.2 Management and governance
 - 7.1.3 Use of proceeds
 - 7.1.4 Financial information
 - 7.1.5 Key risks
 - 7.1.6 Rights attached to securities
 - 7.1.7 Fees and dilution risks
 - 7.1.8 Material changes must be disclosed promptly.

8. PROTECTION OF INVESTOR FUNDS

- 8.1 All Investor Funds shall be held in segregated Custodian Accounts.
- 8.2 Funds shall not be commingled with Platform operating funds.
- 8.3 Funds are released only upon satisfaction of campaign conditions.
- 8.4 Refunds shall be issued where campaigns fail or are cancelled.

9. IPS LEVY & FUNDING RULES

- 9.1 IPS Levy shall be calculated as follows:
 - 9.1.1 Levy Rate: 1.00% of funds raised
 - 9.1.2 Minimum per campaign: USD300
 - 9.1.3 Maximum per campaign: USD10,000
- 9.2 Levy Allocation
 - 9.2.1 Compensation Reserve: $\geq 65\%$
 - 9.2.2 Insurance: $\leq 20\%$
 - 9.2.3 Administration & Audit: $\leq 15\%$
- 9.3 Minimum Reserve Threshold: The IPS Trust shall maintain at least 1% of cumulative funds raised.

10. CLAIM ELIGIBILITY & SCOPE

- 10.1 Claims are valid only where losses arise directly from Platform Malpractice.
- 10.2 Claims must be lodged within 12 months of discovery and 24 months of occurrence.
- 10.3 Investment and market losses are excluded.

11. CLAIM PROCEDURES

- 11.1 Submission of completed claim form with evidence
- 11.2 Acknowledgement within five (5) business days
- 11.3 Preliminary assessment within ten (10) business days
- 11.4 Investigation within thirty (30) business days
- 11.5 IPC determination and notification

12. COMPENSATION RULES

- 12.1 Compensable Events
 - 12.1.1 Misappropriation of Investor Funds
 - 12.1.2 Failure to segregate funds
 - 12.1.3 Fraud or dishonesty by Platform staff
 - 12.1.4 Gross negligence
- 12.2 Compensation Calculation: Compensation equals actual cash loss less recoveries. No profits or consequential losses are covered.
- 12.3 Compensation Caps
 - 12.3.1 Per Investor (per event):
 - 12.3.1.1 Retail: USD10,000
 - 12.3.1.2 Sophisticated: USD20,000
 - 12.3.1.3 Institutional: USD100,000

12.3.2 Per Event: USD250,000 or 20% of IPS reserves, whichever is lower.

12.3.3 Annual Aggregate: 40% of opening IPS reserves.

12.4 Priority

12.4.1 Retail Investors receive priority where reserves are insufficient.

13. PAYMENT OF COMPENSATION

13.1 Paid from IPS Trust or insurance proceeds.

13.2 Paid within fifteen (15) business days of approval.

13.3 May be paid pro-rata where caps apply.

14. APPEALS & ESCALATION

14.1 Internal appeal within 14 days.

14.2 Escalation to SECZ, arbitration, or courts if unresolved.

15. ANTI-ABUSE & SANCTIONS

15.1 Fraudulent or bad-faith claims may result in rejection, suspension, and regulatory reporting.

16. RECORD-KEEPING & REPORTING

16.1 Claims records retained for seven (7) years.

16.2 Material incidents must be reported to SECZ.

17. REVIEW & AMENDMENT

17.1 The IPS shall be reviewed annually and updated to reflect regulatory developments.

18. LIMITATION STATEMENT

The IPS does not guarantee returns, insure investments, or protect against issuer or market risk.

19. EFFECTIVE DATE

This IPS becomes effective upon approval by the Board of Crowdaxe Capital (Private) Limited and the Securities and Exchange Commission of Zimbabwe.