

CROWDAXE INVESTOR PROTECTION SCHEME (IPS)

CONSOLIDATED RULEBOOK

1. PREAMBLE

This Investor Protection Scheme ("IPS") is established by Crowdaxe (Private) Limited ("the Platform") to protect investors participating in crowdfunding campaigns hosted on 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, guidance notes, 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

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 (where applicable)

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

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:

1. Protect Investor Funds

2. Promote transparency and fair disclosure

3. Mitigate platform-related operational

PART A: APPLICATION & SCOPE OF THE IPS

Rule 1: Application

1. These IPS Rules apply to:

All Investors using the Crowdaxe platform

All crowdfunding Campaigns hosted by the Platform

2. The IPS applies only to platform-related risks and does not cover commercial or market risks inherent in investments.

Rule 2: Nature of Protection

1. The IPS provides:

Procedural protection

Safeguarding of Investor Funds

Limited compensation for defined losses

2. The IPS does not constitute an insurance scheme, guarantee returns, or protect against issuer failure.

PART B: ELIGIBILITY FOR IPS PROTECTION

Rule 3: Eligible Investors

An Investor is eligible for IPS protection if the Investor:

1. Is fully onboarded and verified (KYC/AML complete)
2. Invested through the Crowdaxe platform
3. Complied with Platform Rules and disclosures

4. Suffers loss directly attributable to Platform Malpractice

Rule 4: Ineligible Claims

The IPS does not apply to losses resulting from:

1. Issuer insolvency or business failure
2. Market or economic conditions
3. Dilution or valuation changes
4. Liquidity constraints or exit delays
5. Investor negligence or misinterpretation of disclosed risks

PART C: INVESTOR CLAIM PROCEDURES

Rule 5: Right to Lodge a Claim

1. An Investor may lodge a claim where they reasonably believe that:

Platform Malpractice occurred; and

Such malpractice caused financial loss.

2. Claims must be lodged within 12 months of the Investor becoming aware of the loss.

Rule 6: Claim Submission Requirements

A valid claim must include:

1. Completed IPS Claim Form
2. Proof of investment
3. Description of alleged Platform Malpractice
4. Evidence of loss
5. Causal link between malpractice and loss

Incomplete claims may be rejected or returned for correction.

Rule 7: Acknowledgement of Claims

1. The Platform shall acknowledge receipt of a claim within 5 business days.
2. A claim reference number shall be issued.

Rule 8: Preliminary Assessment

1. Conducted by the Compliance Officer
2. Determines:

Jurisdiction

Eligibility under IPS

Time-bar compliance

3. Outcome:

Proceed to investigation; or

Rejection with written reasons

 Timeline: 10 business days

Rule 9: Investigation Procedure

1. The investigation shall:

Review platform transaction logs

Review internal controls and audit trails

Assess regulatory breaches

Interview relevant personnel

2. The Investor may be requested to provide additional information.

3. Failure to cooperate may result in dismissal of the claim.

 Timeline: Up to 30 business days

Rule 10: Determination by Investor Protection Committee (IPC)

The IPC shall determine:

1. Whether Platform Malpractice occurred

2. Whether causation is established

3. Whether loss is quantifiable

4. Whether compensation is payable

The IPC decision shall be documented and reasoned.

Rule 11: Notification of Outcome

1. The Investor shall be notified in writing of:

Approval or rejection

Compensation amount (if any)

Reasons for decision

Appeal or escalation rights

PART D: COMPENSATION RULES

Rule 12: Basis of Compensation

Compensation is payable only where all of the following are satisfied:

1. Platform Malpractice is proven

2. Direct causation is established

3. Loss is actual, measurable, and not speculative
4. Loss would not have occurred but for the malpractice

Rule 13: Compensable Events

Compensation may arise from:

1. Misappropriation of Investor Funds
2. Failure to segregate Investor Funds
3. Fraud or dishonesty by Platform personnel
4. Gross negligence causing direct financial loss
5. Material regulatory breaches attributable to the Platform

Rule 14: Non-Compensable Losses

The following are expressly excluded:

1. Normal investment losses
2. Issuer default post-disbursement
3. Poor business performance
4. Changes in valuation or exit price

5. Force majeure events

Rule 15: Compensation Calculation

1. Compensation is limited to:

Actual invested amount lost

Minus any recoveries or offsets

2. No compensation for:

Expected profits

Opportunity cost

Consequential or punitive damages

Rule 16: Compensation Caps

1. Compensation is subject to:

Per-Investor cap

Per-event cap

Annual aggregate cap

2. Caps are determined annually by the Trustees of the IPS Trust.

Retail Investors may receive priority where funds are insufficient.

Rule 17: Source of Compensation

Compensation shall be paid from:

1. Crowdaxe Investor Protection Trust reserves
2. Insurance proceeds (where applicable)

The Platform's operating funds shall not be used unless legally required.

Rule 18: Form of Compensation

Compensation may be paid as:

1. Cash refund
2. Account credit
3. Partial settlement (pro-rata basis)

PART E: APPEALS & ESCALATION

Rule 19: Internal Appeal

1. An Investor may appeal within 14 days of notification.
2. Appeals must be based on:

New evidence; or

Procedural irregularity

Rule 20: External Escalation

If unresolved, the Investor may escalate to:

1. SECZ Complaints Office
2. Arbitration or mediation recognised in Zimbabwe
3. Courts of competent jurisdiction

PART F: RECORD-KEEPING & REPORTING

Rule 21: Record Retention

1. All claims records shall be retained for minimum 7 years.
2. Records must be auditable and SECZ-accessible.

Rule 22: Regulatory Reporting

The Platform shall report to SECZ:

1. Material investor harm events

2. Aggregate claims statistics

3. Systemic control failures

PART G: MISUSE & SANCTIONS

Rule 23: Fraudulent Claims

1. Fraudulent or misleading claims may result in:

Claim rejection

Account suspension

Reporting to authorities

PART H: REVIEW & AMENDMENT

Rule 24: Review of Rules

1. These IPS Rules shall be reviewed annually.

2. Amendments shall be:

Approved by the Board

Communicated to Investors

Aligned with SECZ guidance

REGULATORY POSITIONING STATEMENT (IMPORTANT)

> The Crowdaxe IPS is a private, platform-level investor protection framework and does not replace or conflict with statutory investor protection mechanisms administered by the Securities and Exchange Commission of Zimbabwe.

Below is Item 1 completed: explicit numeric IPS caps, levy percentages, reserve rules, and compensation limits, drafted conservatively to be SECZ-defensible, scalable, and realistic for a Zimbabwean crowdfunding platform.

You can adopt these numbers as-is or treat them as Board-approved adjustable thresholds.

CROWDAXE INVESTOR PROTECTION SCHEME (IPS)

NUMERIC CAPS, LEVY STRUCTURE & COMPENSATION LIMITS

PART I: IPS LEVY & FUNDING RULES

Rule 25: IPS Levy Rate

1. An Investor Protection Scheme Levy (IPS Levy) shall be charged on all successfully funded campaigns.

2. The levy shall be calculated as a percentage of gross funds raised, excluding platform success fees.

Levy Structure

Item	Rate
------	------

IPS Levy	1.00% of funds raised
Minimum Levy per Campaign	USD 250
Maximum Levy per Campaign	USD 50,000

> The levy is disclosed upfront and deducted before funds are released to the Issuer.

Rule 26: Allocation of IPS Levy

IPS Levy funds shall be allocated as follows:

Allocation	Percentage	Purpose
Compensation Reserve	$\geq 65\%$	Investor claims
Insurance Premiums	$\leq 20\%$	PI, cyber, crime insurance
Administration & Audit	$\leq 15\%$	Trust operations, audits

> Administration costs are hard-capped to prevent erosion of investor protection funds.

Rule 27: IPS Trust Minimum Reserve Threshold

1. The IPS Trust shall maintain a minimum reserve balance of:

USD 100,000, or

1.5% of cumulative funds raised,
whichever is higher.

2. If reserves fall below the threshold:

New campaigns may be paused; or

IPS Levy may be temporarily increased (max +0.25%) subject to Board and SECZ notification.

PART II: COMPENSATION CAPS

Rule 28: Per-Investor Compensation Cap

Compensation payable to any single Investor shall not exceed:

Investor Category	Cap

Retail Investor USD 25,000
Sophisticated Investor USD 50,000
Institutional Investor USD 100,000

Caps apply per IPS event, not per claim.

Rule 29: Per-Event Compensation Cap

1. The maximum compensation payable for a single Platform Malpractice event shall be:

> USD 250,000 OR 20% of IPS Trust reserves,
whichever is lower.

2. If valid claims exceed this cap:

Payments shall be made pro-rata.

Rule 30: Annual Aggregate Compensation Cap

Total compensation paid in any financial year shall not exceed:

> 40% of IPS Trust opening reserves

This protects long-term sustainability of the IPS.

PART III: COMPENSABLE LOSS CALCULATION

Rule 31: Basis of Calculation

Compensation shall be calculated as:

> Actual cash loss directly caused by Platform Malpractice
minus
any recoveries, refunds, or insurance proceeds

Rule 32: Excluded Amounts

Compensation shall not include:

Expected or projected profits

Interest or dividends

Opportunity cost

Legal costs incurred by the Investor

Currency exchange losses (unless directly caused by Platform misconduct)

PART IV: PRIORITY & PAYMENT RULES

Rule 33: Priority of Payments

Where IPS reserves are insufficient:

1. Retail Investors shall be paid first

2. Remaining funds allocated pro-rata to other eligible Investors

Rule 34: Payment Timelines

Approved compensation shall be paid:

Within 15 business days of Trust approval

In USD or platform base currency

Via original payment channel where possible

PART V: CLAIM LIMITATIONS & TIME BARS

Rule 35: Claim Time Bar

1. Claims must be lodged:

Within 12 months of discovering the loss; and

No later than 24 months from the date of the alleged malpractice.

Late claims are automatically barred.

PART VI: ANTI-ABUSE CONTROLS

Rule 36: Multiple Claims & Aggregation

1. Multiple claims arising from the same event shall be:

Aggregated into a single IPS Event

Subject to per-event caps

Rule 37: Fraudulent or Bad-Faith Claims

1. Fraudulent claims result in:

Immediate rejection

Permanent platform ban

Reporting to regulators or law enforcement

PART VII: DISCLOSURE & REGULATORY ALIGNMENT

Rule 38: Mandatory Disclosure Statement

All investors must acknowledge the following:

> "The Crowdaxe IPS provides limited compensation for losses caused by platform malpractice only. It does not guarantee investments or protect against issuer failure or market risk."

PART VIII: BOARD & SECZ OVERSIGHT

Rule 39: Review of Caps & Levy

1. Caps and levy rates shall be reviewed:

Annually; or

Following a major IPS event.

2. Any material changes shall be:

Approved by the Board

Notified to Investors

Communicated to SECZ where required

