

Complaint Handling Policy

FALCON X Limited

Dealing with Clients' Complaints or Legal Actions Against the Company

As a licence holder in terms of the Virtual Financial Assets Act and the Virtual Financial Assets Services Rulebook, Falcon X Limited (the Company) is required to establish, implement and maintain effective and transparent procedures for the reasonable and prompt handling of complaints received from clients.

In addition, the Compliance Officer (CO) shall also ensure that all employees are aware of the Company's Complaints Procedures as well as the role of the Officer of the Arbiter of Financial Services in Malta.

What is a complaint?

A complaint is an expression of dissatisfaction or displeasure made by a client, whether verbally or written, regarding a product and/or service. All verbalised complaints must be formalized and therefore put in writing. This does not mean that one must not look into verbal complaints. Verbal complaints must also be actioned, however one must explain to the client that although action will be taken on the basis of a conversation, because of the nature of his/her complaint, it would be in the best interests of both parties to put the complaint down in writing. Thus, a summary shall be completed on behalf of the client and the complainant shall be requested to confirm the summary/declaration prepared.

Each complaint must be investigated impartially and on its own merits. All complaints are sent via email to compliance@falconx.io which are administered by the Support Team of Falcon X. Due to the nature of the Business being non face to face with customers, the latter may communicate with FALCON X via telephone or by e-mail.

As complaints are directly routed to the Support Team of Falcon X, the complaint will also be sent to the Compliance Officer at FALCON X to be included in the Complaints Register. The Support Team is responsible for dealing with the client's query/complaint and seeing that this is resolved in a proper and fair manner. In this respect, the Compliance Officer will be responsible to ensure that the client's issue is dealt with as quickly as possible and to the satisfaction of the client. From the initial discussions with the client and/or information obtained, the Support Team will immediately be in a position to assess whether the complaint is of a minor nature or whether the complaint is more serious and therefore must be channelled directly to the CO for further investigation in terms of relevant regulations. For example, complaints from clients which involve or require minor or administrative action shall be handled directly by the Support Team of Falcon X. If a complaint escalates, it should be forwarded to the CO for his/her action. Complaints received from the Arbiter for Financial Services should also be sent to the CO.

On receipt of a complaint which is not of a minor nature, the CO shall ensure that an acknowledgement letter is sent out within 1 business day (Please refer to the attachments. This letter shall confirm that:

- i) The Company will investigate the complaint and;
- ii) On completion of the investigation, the Company will write to the client concerning the outcome.

Complaints received by the CO and minor complaints shall be logged in the Complaints' Register and be accessible during onsite visits.

If within 15 working days after receipt of the complaint the investigation has not been completed, the CO shall issue a further letter to the client informing him/her accordingly of the anticipated timeframe within

which it hopes to resolve the complaint or that the client can refer the matter to the Office of the Arbiter for Financial Services and provides the following contact details:

- Office of the Arbiter for Financial Services
1st Floor
St Calcedonius Square
Floriana FRN 1530
- Malta Freephone: 80072366
- Tel: +356 21249245
- Email: complaint.info@financialarbiter.org.mt
- Website: <http://financialarbiter.org.mt/>

In communicating its final decision to the client, the CO shall:

- i) Include a short description of the complaint, and of the outcome of the Company's investigation;
- ii) Set out the Company's final view on the issues raised in the complaint; and
- iii) Include details of any redress that is being offered, if considered appropriate.

If a complaint is lodged with the Arbiter for Financial Services, the parties will be encouraged to resolve the case by mediation. However, participation in the mediation is voluntary. If the mediation has not been successful or has been refused, the Arbiter – who may be assisted by an investigator will start an investigation. The Company and the complainant will be given the opportunity to make written submissions with respect to the complaint.

The Arbiter is required to proceed with adjudication of a complaint within 90 days from the date when a complaint is submitted, which period may be extended to up to one year when cases are complex. However, decisions reached by the Arbiter may be subject to an appeal by either party to the complaint. When no appeal is made by either party within 20 days from the date when the Arbiter notifies the parties of his decision, the decision becomes final and binding on all parties.

Further to the above, the Company shall immediately provide the MFSA with a copy of the Arbiter's final decision. The Company shall also notify the MFSA immediately in the event that an appeal from the decision of the Arbiter is lodged by the complainant or by the Company itself, and once such appeal has been decided, of the final decision of the Court.

The role of the Arbiter

The Office of the Arbiter for Financial Services is a body set up in terms of Arbitration for Financial Services Act, 2016 with power to mediate, investigate and adjudicate complaints filed by customers against all financial services providers. The Arbiter, and the whole setup of the Office, is totally independent and impartial of all parties concerned to the complaint.

The following customers may lodge a complaint with the Arbiter:

- ✓ Natural persons – including their successors in title; and
- ✓ Micro-enterprises – that is, sole traders, companies, partnerships, and cooperatives which employ fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed €2,000,000.

Which financial service providers can the Arbiter investigate?

The Arbiter has the remit to investigate complaints against all financial services providers licensed by the MFSA, whether still holding a licence or not.

Legal Action against the Company

Any legal actions received against the Company shall be forwarded to the Board of Directors, the Compliance Officer and Risk Manager. Depending on the gravity of the case, a meeting shall be convened to discuss the course of action. The Compliance Officer shall review the case and present any conclusions to the Board of Directors. The legal representative shall be requested to attend such a meeting. In all cases, the correspondence received from the clients' legal representative shall be forwarded to the Company's legal representatives.

Professional Indemnity (PI) Insurance Claims

Any potential claims to the professional indemnity insurance shall be communicated to the Compliance Officer. The CO and the Board will review the circumstances and report them to the Professional Indemnity insurers where appropriate.

Note that failure to notify potential claims in good time can result in loss of cover.

The CO will liaise closely with the PII insurer in investigating and reporting on potential PI claims. The CO shall inform the MFSA within two working days of the notification to the insurer of an incident which may give rise to a claim under the PI.

The PI insurers must be kept informed of developments on a regular basis.

Where a matter has been referred to the PI insurer all correspondence with the complainant or other related parties should be approved by the insurers. All instructions from the insurers of the PII should be acted upon.

All potential PI claims will be logged in the complaints register and regularly monitored by the CO.

Complaints' Management

The Compliance Officer shall report on complaints to the Board of Directors. The CO shall analyse complaints-handling data on an on-going basis in order to ensure that they identify and address any recurring or systemic problems and any potential legal and operational risks by, for instance, carrying out the following:

- a. analysing the causes of individual complaints so as to identify root causes common to the types of complaint;
- b. considering whether such root causes may also affect other processes or products, including those not directly complained of; and
- c. correcting, where reasonable to do so, such root causes.

Complaints' Register and Records

The Complaints Register is maintained by the CO. The following information must be recorded:

- a. The subject of the complaint;

- b. The name of the complainant;
- c. The name of the fund or financial instrument to which this complaint refers to;
- d. The date when the complaint was received and date when the complaints was answered;
- e. A short summary of the complaint;
- f. The summary of action taken in its regard and outcome; and
- g. The date on which it was resolved (or latest communication).

A copy of the correspondence relating to each complaint (filed by complaint date, name of client, then correspondence date) is to be filed together with the register.

The MFSA may require sight of such a register, if any, at any time, in particular during its compliance visits.

Complaints in relation to data protection

In line with the GDPR, data subjects (e.g. clients, employees, and other individuals) have the right to complain to the Office of the Information and Data Protection Commissioner or any other supervisory authority of his habitual residence, place of work or place of alleged infringement and the right to an effective judicial remedy.

Data subjects are notified of such rights in the Privacy Policy Notice provided to them.

Any complaints received shall be immediately forwarded to the appointed Data Protection Representative and shall be handled under his responsibility. An update on complaints received by the Company, including the manner in which they are being handled, are to be provided to the Board of Directors by the Data Protection Representative.