

**INVESTORS' COMPENSATION FUND (ICF)**

**1. Introduction**

1.1. Skanestas Investments Limited ("the Company") is an Investment Firm regulated by the Cyprus Securities and Exchange Commission ("CySec") with license number 251/14.

1.2. Every Cyprus Investment Firm (hereafter the "CIF") is obliged under Investment Services and Activities and Regulated Markets Law 87/(I)/2017, to be a member of the Investment Compensation Fund (hereafter the "Fund").

1.3. The purpose of the ICF is to secure the claims of covered clients against the ICF members through the payment of compensation, if the necessary preconditions are fulfilled.

1.4. The Fund has been operating since 2004 year.

**2. Definitions**

'**covered client**' shall mean the client of a Fund member, who is covered by the Fund for claims against the Fund member, arising from the covered services which are provided by the said Fund member;

'**Fund member**' shall mean a CIF, which participates in the Fund.

**3. Covered services**

3.1 The Fund covers the following services:

- Reception and transmission of orders in relation to one or more financial instruments.
- Execution of orders on behalf of clients.
- Dealing on own account.
- Portfolio management.
- Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis.

as well as the ancillary service of:

- Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management.

As applicable to the Company's License and relating to any of the financial instruments listed below and relevant to the Company:

3.2. The phrase financial instruments in the previous paragraph refer to:

- Transferable securities.
- Money market instruments.
- Units in collective investment undertakings.
- Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash.
- Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event).
- Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market or/and an MTF.
- Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled (provided that they are traded on a regulated market or/and an

MTF) and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and settled through recognised clearing houses or are subject to regular margin calls.

- Derivative instruments for the transfer of credit risk.
- Financial contracts for differences.
  - Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event), as well as any other derivative contract relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Part, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market or an MTF, are cleared and settled through recognised clearing houses or are subject to regular margin calls.

#### **4. Covered clients**

4.1. The Fund covers all clients of the Company except those who are convicted of a criminal offense for the transactions, pursuant to the Prevention and Suppression of Money Laundering Activities Law and those who are included in the following categories of investors:

Non-covered clients

(1) The following categories of institutional and professional investors:

- Investment Firms,
- Legal entities associated with the Company and, in general, belonging to the same group of companies,
- Banks,
- Cooperative credit institutions,
- Insurance companies,
- Collective investment organizations in transferable securities and their management companies, • Social insurance institutions and funds,
- Investors characterized by the Company as professionals, upon their request;

(2) States and supranational organizations;

(3) Central, federal, confederate, regional and local administrative authorities;

(4) Enterprises who have close ties with the Company. Enterprises with "close ties" or "close links" means undertakings belonging to the same group as well as natural persons who directly or indirectly control that legal person or its parent company, holding a minimum percentage of 20% of the share capital or voting rights;

(5) Managerial and administrative staff of the Company;

(6) Shareholders of the Company, whose participation directly or indirectly in the capital of the Company amounts to at least 5% of its share capital, or its partners who are personally liable for the obligations of the Company, as well as persons responsible for the carrying out of the financial audit of the Company as provided by the Law, such as its qualified auditors;

(7) Investors having investments in enterprises connected with the Company and, in general, of the group of companies, to which the Company belongs, positions or duties corresponding to the ones listed in paragraphs 4.1.(5) and 4.1.(6);

(8) Second degree relatives and spouses of the persons listed in paragraphs 4.1.(5), 4.1.(6) and 4.1.(7), as well as third parties acting for the account of these persons;

(9) Customers who file claims arising out of transactions involving individuals convicted of a criminal offence pursuant to the Prevention and Suppression of Money Laundering Activities Law or customers responsible for the financial difficulties of the Company or who have contributed to the worsening of the Company's financial situation or who have profited from these facts;

(10) Investors in the form of a Company, which due to its size, is not allowed to draw a summary balance sheet in accordance with the Companies Law or a corresponding law of a Member State;

In the cases of paragraphs 4.1.(5), 4.1.(6), 4.1.(7) and 4.1.(8), the Fund suspends the payment of compensation informing the interested parties accordingly, until it reaches a final decision as to whether such cases apply.

## **5. Objective of the Fund**

5.1. The objective of the Fund is to secure claims of covered clients in whose interests the Fund operates against the Fund's members by paying compensation for their claims arising from the covered services provided by the Fund's members, so long as failure of a Fund's member to fulfill its obligations has been ascertained.

5.2. The term failure denotes the inability of the Company:

A. either to return to its covered clients funds owed to them or funds which belong to them but are held by the Company, directly or indirectly, in the context of the provision by the Company to the said clients of covered services, and which the latter requested the Company to return, in exercising their relevant right, or

B. to hand over to covered Clients financial instruments, which belong to them and which the Company holds, manages or keeps on their account, including circumstances where the Company is responsible for administrative management of said financial instruments.

## **6. Prerequisites for initiating the procedure for paying out compensation**

6.1. The Fund initiates the procedure for paying out compensation when at least one of the following prerequisites is in place:

a) the Cyprus Securities and Exchange Commission has determined by Resolution that the Company is currently unable to meet such of its duties arising out of claims of its investor Clients for covered services it has provided, that such inability is directly related to the Company's financial standing which has no realistic prospect to improve in the near future, or

b) a court has issued a ruling on reasonable grounds related to the Company's financial standing that temporarily deprives investor Clients of the ability to file complaints (claims) against the Company;

6.2. Upon issuance of a decision by the Cyprus Securities and Exchange Commission or by the Court in accordance with paragraph 6.1.(a) or 6.1.(b) above respectively, on the commencement of the compensation payment procedure, the Fund publishes in at least three national newspapers an invitation to the covered clients to make their claims against the Company arising from covered services, designating the procedure for the submission of the relevant applications, the deadline for their submission and their content.

## **7. Calculation of compensation payable/formalities**

7.1. The amount of compensation toward investor-clients of Fund members shall be up to a maximum amount of twenty thousand Euro (€20.000) and the said coverage applies to the total amount of claims of an investor toward a Fund member, irrespective of the number of accounts,

currency and place of provision of the service. In the case of a joint investment operation, the part of the claim attributable to each investor is taken into account: It is provided that - joint investment operation means covered investment service or the ancillary service which is carried out on behalf of two or more beneficiaries, and generally persons who have a right which may be exercised upon the signature of one or more such persons.

7.2. The amount of the compensation payable to each covered client is calculated in accordance with the legal and contractual terms governing the relation of the covered client with the Company, subject to the set off rules applied for the calculations of the claims between the covered client and the Company. The calculation of the payable compensation derives from the sum of total established claims of the covered client against the Company, arising from all covered services provided by the Company and regardless of the number of accounts of which the client is a beneficiary, the currency and place of provision of these services.

7.3. The valuation of the financial instruments pertaining to the compensation payable to the covered client is carried out based on their value at the day: (a) of publication of a court ruling which has the effect of the suspending the investors ability to lodge claims against it based on reasonable grounds directly related to the financial circumstances of an Investment Firm (i.e. Skanestas Investments Limited) which has subscribed to the Fund; (b) of publication of the decision of the Cyprus Securities and Exchange Commission that an Investment Firm, which has subscribed to the Fund, is unable to meet such of its duties as arise from its customers' claims in connection with the covered services it has provided, as long as such inability is directly related to its financial circumstances in respect of which no realistic prospect of improvement in the near future seems foreseeable.

7.4. Insofar as the amount of the claim determined exceeds the amount of twenty thousand Euros (€20.000), the claimant receives as compensation the lump sum of the amount of twenty thousand Euros (€20.000).

7.5. (a) The investment firm providing services to its clients through the branch situated in a third country, the amount of the maximum compensation payable to the clients of the said branch comes up, per client, to the lump sum paid by any investor compensation scheme in operation in the third country, without however the amount exceeding the fixed amount of twenty thousand Euros (€20.000). (b) if in the third country by virtue of sub-paragraph (a) an investor compensation scheme is not in operation, the maximum amount of payable compensation per client of the branch comes up to an amount corresponding to three thousand four hundred and seventeen Euro (€3.417).

7.6. In the case whereby beneficiaries of a Joint Account of the Company are in their majority covered clients –

(a) the maximum amount payable to all co-beneficiaries of the account comes up to the amount of Euro 20,000 or, as the case may be, as per above point 7.5 (b) Euro 3,417 and

(b) the compensation is fixed on the whole for all co-beneficiaries of the joint account and is divided amongst them, in the way determined in the agreement between the co-beneficiaries and the Company; otherwise, in the absence of such agreement, it is divided equally amongst them.

7.7. Upon completion of the valuation, the Fund: (a) issues minutes listing the clients of the Company who are entitled to compensation, along with the amount of money each one of them is entitled to receive and communicates it to the Cyprus Securities and Exchange Commission and the Company within five working days from its issue, and (b) communicates to each affected client its finding, no later than fifteen days from the issue of the minutes, determining the total compensation amount this client is entitled to receive.

7.8. The Cyprus Securities and Exchange Commission, in order to ensure that the provisions of the legislation in force in the Republic of Cyprus are fulfilled during the examination of the applications and the calculation of the amount of the corresponding compensation per covered client, may: (a) request from the Fund, the Company and the claimant to produce information and particulars, (b) run the investigations required, implementing the relevant provision of the Cyprus Securities and Exchange Commission Laws.

7.9. Within a reasonable timeframe upon CySEC ascertaining either that an ICF member cannot fulfill its obligations arising out of clients' claims or, following a court ruling, issued on grounds of the financial situation of an ICF member, which has the effect of suspending the ability of the clients of the ICF member to lodge claims against the said member for the satisfaction of their claims, then CySEC issues a decision to initiate the compensation payment process by the ICF.

7.10. CySEC publishes the information relating to its decision in the Official Gazette of the Republic and on its website:

<https://www.cysec.gov.cy/en-GB/complaints/tae/>

7.11. Following the decision to initiate the compensation payment process, the ICF publishes, in at least three newspapers of national coverage, an invitation to covered clients to submit their claims against the ICF member in respect of the covered services, designating the procedure for submitting the relevant applications, the deadline for the submission (being not less than five months and not greater than nine months from the publications) and their content.

In exceptional cases, followed by an announcement published in at least three newspapers of national coverage, the ICF may extend the deadline for the submission of compensation applications by up to three months.

Compensation applications must include -

- the applicant's name;
- the applicant's address, telephone and fax numbers, and email address, if any;
- the applicant's client code with the ICF member;
- the particulars of the covered services agreement between the ICF member and the applicant;
- the type and amount of the alleged claims; and
- evidence giving rise to the alleged claims and their amount.

The ICF may request additional information through a relevant publication in at least three newspapers of national coverage and the Official Gazette of the Republic.

The ICF designates at least one qualified accountant and at least one advocate, with knowledge on capital market issues, who evaluate the applications submitted to the ICF and recommend to the ICF's Administrative Committee their acceptance in total or in part or their rejection.

7.12. An application to the ICF may be submitted in one of the following two ways:

- (a) By filling in the online application form which can be found on the website of CySEC;
- (b) By submitting a simple letter to the offices of the ICF, accompanied by all supporting evidence.

The letter/application may:

(a) be sent by post to the following address:

Investor Compensation ICF for IF Clients, 27 Diagorou Str., 1097 Nicosia, Cyprus.

(b) be delivered by hand to the offices of the ICF, at the following address:

Investor Compensation ICF for IF Clients, 27 Diagorou Str., 1097 Nicosia, Cyprus.

7.13. When submitting an application, make sure to include at least the following information:

- Particulars of the applicant (name, address, Identity Card / Passport No., telephone and fax numbers and email address).

- The name of the ICF member against which the application is submitted and the client code and/or the applicant's investment account No.
- Copy of the covered services agreement between the ICF member and the applicant.
- The type and amount of alleged claims by the applicant.
- Copy of the statement of account from the transactions platform that you used.
- Copy of the statement of deposits and withdrawals from the account held with the ICF member.
- Copies of documents that prove the applicants deposits to the ICF member (e.g. swift transfers, deposit orders, debit advice etc.)
- Description of the facts and evidence giving rise to the alleged claims by the applicant and the amount of such claims with specific references to actions or omissions of the ICF member.
- Any other evidence or supporting documents to demonstrate that the applicant is entitled to apply for compensation.
- Reference and copies of any correspondence with the ICF member concerned.
- Written confirmation that the information included in the application/letter as well as all the documents accompanied it are correct and true.

7.14. For additional disclosure of information about the Fund's activities, the amount of compensation payable to Clients, the procedure for filing a relevant application and the terms and conditions for paying out such compensation please contact us by email: [info@skanestas.com](mailto:info@skanestas.com)