

INVESTOR COMPENSATION FUND FOR CLIENTS OF INVESTMENT FIRMS

I. INVESTOR COMPENSATION FUND

The Investor Compensation Fund for IF Clients (“ICF” or “Fund”) is the Fund of its members, established pursuant to the Investment Services and Activities and Regulated Markets Law of 2017 which provides for the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and other Related Matters (“the Law”) as an investor compensation fund for IF clients and its powers and functions are regulated by the provisions of the Law and of Directive DI87-07 of the Cyprus Securities and Exchange Commission (the “Commission”) for the Operation of the Investors Compensation Fund (“the Directive”).

Subject to the provisions of the Directive, the object of the ICF is to secure the claims of the covered clients against the Fund member through the payment of compensation for their claims arising from the covered services provided by the Fund member, subject to the procedure set out in paragraph V below.

II. MEMBERSHIP

T.C.R. International Ltd (hereinafter the “Fund member”) is a member of the Fund.

The Fund member is authorized by the Commission to provide the following investment services and activities and ancillary services which are covered by ICF:

Investment services and activities

1. Reception and transmission of orders in relation to one or more financial instruments;
2. Execution of orders on behalf of clients;
3. Portfolio management;
4. Investment advice.

Ancillary services

1. Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management and excluding maintaining securities accounts at the top tier level;
2. Foreign exchange services where these are connected to the provision of investment services;
3. Granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction.

IV. COVERED CLIENTS

The ICF covers the clients of IFs excluding those listed below:

1. The following categories of institutional and professional investors:
 - (a) IFs;
 - (b) legal entities associated with the Fund member and generally belonging to the same group of companies;
 - (c) banks;
 - (d) cooperative credit institutions;
 - (e) insurance companies;
 - (f) collective investment undertakings in transferable securities and their management companies;
 - (g) social insurance institutions and funds;
 - (h) investors characterized by the member as professionals upon their request, pursuant to the provisions of paragraph B of the Second Schedule of the Law.
- (2) Supranational institutions, government and central administrative authorities.
- (3) Provincial, regional, local and municipal authorities.

(4) Enterprises that have close ties with the Fund member as the term «close ties» is construed in Article 2(1) of the Law.

(5) Managerial and administrative staff of the Fund member.

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

(7) Investors having in enterprises connected with the Fund member and, in general, with the group of companies to which the Fund member belongs, positions or duties corresponding to those listed in sub-paragraphs (5) and (6).

(8) Up to second-degree relatives and spouses of the persons listed in sub-paragraphs (5), (6) and (7), as well as third parties acting for the account of such persons.

(9) Investors-clients of a Fund member responsible for facts pertaining to the Fund member that have caused its financial difficulties or have contributed to the worsening of its financial situation or have profited from these facts.

(10) Other firms in the same group.

(11) 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.

2. In the cases of sub-paragraphs (5), (6), (7), (8), and 10 the Fund shall suspend the payment of compensation informing the interested parties accordingly until it reaches a final decision as to whether such cases apply.

Applicants need not be Cypriot citizens. Foreigners residing in Cyprus, as well as Cypriots or foreigners residing abroad, may also apply.

V. COMPENSATION OF COVERED CLIENTS AND FORMALITIES

A. Initiation of the compensation payment procedure

1. The ICF initiates the compensation payment procedure when at least one of the following prerequisites is fulfilled:

a) The Commission has determined that a member appears, for the time being, for reasons directly related to its financial circumstances, to be unable to meet its obligations arising out of investors' claims and has no early prospect of being able to do so

b) a Court of the Republic has made a ruling, for reasons directly related to a member financial circumstances, which has the effect of suspending investors' ability to make claims against it.

2. The Commission shall issue its decision for the initiation of the compensation payment procedure by the Fund within a reasonable time and publish the relevant information on its website.

B. Covered claims

The ICF covers claims arising due to a member's failure

(a) to repay the funds owed to covered clients or belonging to them and held on their behalf in connection with investment operations; or

(b) to return to covered clients any financial instruments belonging to them and held, managed or administered on their behalf in connection with investment operations;

in accordance with the legal and contractual conditions applicable.

The amount of the claim of a covered client shall be calculated based on legal and contractual conditions, in particular those relating to offsetting and counterclaims, that are applicable to the assessment on the date of the initiation of the compensation payment procedure of Paragraph A(1), of the amount of the funds or value determined with reference to the market value, where possible, of the financial instruments belonging to the

covered client and which such funds or instruments, the Fund member fails to repay or return, respectively.

C. Procedure of invitation to submit applications

1. Upon initiation of the compensation payment procedure, the Fund shall publish as soon as possible in at least two national newspapers, an invitation to submit applications for compensation, designating the procedure for the submission of the relevant applications, the deadline for their submission as well as their content as defined specifically in this section.

2. The publication provided for in sub-paragraph (1) shall include at least:

- (a) the name and address of the headquarters and the trade name of the involved Fund member;
- (b) the deadline for the submission of the compensation applications, which cannot be less than five months or more than nine months from the date of initiation of the compensation payment procedure, or from the date of its publication;
- (c) the mode of submission of applications; and
- (d) the address and/or website through which covered clients may obtain the relevant claim form provided by the Fund.

3. The publication of subparagraph (2) shall be communicated immediately to the Commission, which shall post the publication on its website.

(4) In exceptional and justified cases, the Fund, with an announcement thereof, may extend the deadline for the submission of compensation applications up to three months, provided it obtains the approval of the Commission. The said announcement shall be published by the Fund in at least two national newspapers, and the Commission shall publish it on its website.

D. Late submission of applications

In case a covered client was not in a position to submit such application within the deadline, the deadline of Paragraph C shall not apply thereto, if conditions occurred that prevented the observance of the deadline for the submission of a compensation application or for the collection and submission of the information required. A covered client submitting a compensation application after the deadline, shall submit, in addition to the information forming the content of the application, a declaration explaining the reason, if any, for which he was not in a position to claim compensation in time, attaching all supporting evidence to that end.

E. Compensation payment conditions

(1) The payment of compensation by the Fund shall entail the following:

- (a) the initiation of the compensation payment procedure;
- (b) the existence of a valid claim by a covered client against the Fund member, which derives from an investment operation;
- (c) the submission of an application form as prescribed in the Directive;
- (d) That the claims do not arise from transactions for which there has been a criminal conviction for money laundering as defined in the AML Law;
- (e) There are no pending criminal proceedings against the said covered client for money laundering as defined in the AML Law;
- (f) The right of a covered client has not been extinguished under the Limitation of Offenses Act.

F. Determination of the amount of the compensation payable

1. The calculation of the compensation payable shall arise from the sum of the total established claims of the covered client against the Fund member, arising from all covered services provided by the member and regardless of the number of accounts of which it is the beneficiary, the currency and place where such services are provided within the European Union.

2. The Fund shall provide coverage for the claims referred to in Paragraph B, which applies for the total

claims of the covered client against a Fund member and shall be defined as the lower of 90% of the cumulative covered claims of the covered client and €20.000.

3. In the case of joint investment business:

(a) in the calculation of the coverage provided for in subparagraph (2), the share attributable to each covered investor shall be taken into account;

(b) the claims shall be allocated equally amongst covered investors, unless there exist special provisions, and without prejudice to section (c), each investor is provided with separate coverage pursuant to the provisions of subparagraph (2);

(c) claims relating to joint investment business to which two or more persons are entitled as members of a business partnership, association or grouping of a similar nature, which has no legal personality, shall, for the purpose of calculating the coverage provided for in subparagraph (2), be aggregated and treated as if arising from an investment made by a single investor.

4. Where a covered client is not the ultimate beneficiary of the funds or financial instruments held by the member:

(a) compensation shall be paid to the ultimate beneficiary if his identity is or may be established prior to the date of the determination or ruling referred to in paragraph A (1).

(b) if the ultimate beneficiaries are more than one, in the calculation of the coverage provided for, the share attributable to each one of them according to the arrangements regulating the management of the funds or financial instruments shall be taken into account.

This section shall not apply to undertakings for collective investments.

5. Compensation shall be paid in Euro, and, where the funds and/or financial instruments are expressed in a currency other than the Euro, the exchange reference rate of the said currency against the Euro fixed by the European Central Bank at the end of the day on which the compensation payment procedure was activated, shall be used.

G. Decision of the Administrative Committee on the applications

(1) The Administrative Committee shall examine the applications before it and decide whether the conditions of Paragraph E are fulfilled or not.

(2) The Administrative Committee shall reject the application if the claimant has used false or misleading means in order to secure the payment of the compensation.

H. Announcement of Fund's decision

(1) Upon completion of the procedure before the Administrative Committee, the Fund shall:

(a) issue a decision listing the clients of the Fund member, determining the amount of money each one of them is entitled to receive, and communicate it to the Commission and the Fund member within five working days from its issue; The said decision shall also list those clients to whom no compensation shall be paid, and the reasons for this;

(b) communicate to each affected client its decision the soonest possible from its issue.

(2) The claimant to whom the Fund communicates its decision, may, in case of disagreement, submit an objection in writing to the Commission, within one month from the date on which the decision was notified, justifying its objection sufficiently. The objection shall be submitted at info@cysec.gov.cy and entitled "Objection to the decision of the ICF".

(3) The Commission in the context of examining an objection may:

(a) request from the Fund, and/or the Fund member and/or the claimant to submit information and particulars;

(b) conduct any investigation.

(4) The Commission, must conclude the examination of the objection within forty-five (45) days and in case that identifies an error in the evaluation carried out by the Fund, it shall request in writing from the Fund to immediately rectify the mistake and pay the claimant the correct amount, and inform the affected client accordingly.

I. Deadline and procedure relating to the payment of compensation

(1) The Fund shall pay each covered client/claimant the compensation that he is entitled to, within three months from the date that the decision was communicated to the covered client.

(2) The payment of the compensation by the Fund shall be deposited to a bank account of the covered client, as designated by the said client in writing via the Claim Application form.

(3) In extraordinary and justified circumstances, the Fund may request from the Commission an extension of the deadline provided for in subparagraph (1).
The said extension may not exceed three months.

J. Unjustifiably paid compensation

The Fund may at any time require the covered client to return the compensation paid to it if it subsequently establishes that there has been a reason for the rejection of the application in accordance with the Directive.

K. Submission of the application

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 the Commission;
<https://www.cysec.gov.cy/en-GB/complaints/tae/application/>

(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
P.O. Box 24996, 1306 Nicosia, Cyprus.*

(b) be delivered by hand to the offices of the ICF, at the following address:
*Investor Compensation ICF for IF Clients
19 Diagorou Str., 1097 Nicosia, Cyprus.*

When submitting an application, the claimant needs to 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 Fund 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 Fund 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 Fund member.
- Copies of documents that prove the applicants deposits to the Fund 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 Fund 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 Fund member concerned.
- Written confirmation that the information included in the application/letter as well as all the documents

accompanied it are correct and true.

For any further information regarding the ICF and the relevant Regulations, please refer to the website of the Commission at <https://www.cysec.gov.cy/en-GB/complaints/tae/>.

Appendix

DEFINITIONS

«**Fund**» or «**Investor Compensation Fund**» or «**ICF**» means the investor compensation fund of clients-members of the Fund operating under Section 59(1) and (2) of the Law whose competences and operations are regulated by the provisions of the Law and the Directive;

«**Law**» means the Investment Services and Activities and Regulated Markets Law of 2017;

«**IF**» means any legal person whose regular occupation or business is the provision of one or more investment services to third parties and/or the performance of one or more investment activities on a professional basis, and includes a CIF;

«**Fund member**» or «**member**» means a person:

- (a) CIFs;
- (b) Member State IFs branches;
- (c) Third Country IFs branches established in the Republic pursuant to Article 78 of the Law;
- (d) Alternative Investment Fund Managers providing the services of paragraph 6 of Section 6 of the AIFM Law;
- (e) Management companies providing the services of paragraph 4 of Section 109 of the UCITS Law.

«**Commission**» means the legal person of public law governed by the Cyprus Securities and Exchange Commission Law;

«**investor**» or «**client**» means the natural or legal person or union of persons or group of assets devoid of legal personality who are clients of a Fund member;

«**covered client**» means a client of a Fund member who is covered by the Fund for claims against a Fund member arising from the investment operations provided by the Fund member;

«**claimant**» means the investor-client of a Fund member who submits an application to the Fund for the payment of compensation;

«**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;

«**AML Law**» means Prevention and Suppression of Money Laundering Activities Law of 2007-2019;