

## Investor Compensation Fund

### 1- General Information

Credit Financier Invest (CFI) Ltd. previously CFI Markets Ltd, (hereinafter referred to as the "Company"), is an investment firm incorporated and registered in the republic of Cyprus under registration No HE 303814 and is authorized and regulated by the Cyprus Securities and Exchange Commission (CySEC), license No 179/12, and is a member of the Investor Compensation Fund ("ICF" or the "Fund").

### 2- Purpose of the Fund

- The purpose of the ICF is to secure the claims of the covered clients against the Company through the payment of compensation.

### 3- Covered Services

Covered services of the Company are the investment services of:

- Reception and transmission of orders in relation to one or more of the financial instruments
- Execution of orders on behalf of clients
- Dealing on own account

And the following ancillary service:

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

### 4- Covered Clients

In principle, all of the Company's clients are covered by the Fund under the investment compensation protection scheme, unless they fall into the following categories:

- a) The following categories of institutional and professional investors:
  - i. Investment Firms
  - ii. Legal entities associated with the Company and, in general, belonging to the same group of companies
  - iii. Banks
  - iv. Cooperative credit institutions
  - v. Insurance companies
  - vi. Collective investment organizations in transferable securities and their management companies
  - vii. Social insurance institutions and funds
  - viii. Investors characterized by the member as professional, upon their request
- b) States and international organizations.
- c) Central, federal, confederate, regional and local administrative authorities.
- d) Enterprises who have close ties with the Company, as per the interpretation of the term provided in the Law
- e) Managerial and administrative staff of the Company.
- f) 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.

- g) Investors involved 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 (e) and (f) above.
- h) Second-degree relatives and spouses of the persons listed in paragraphs (e), (f) and (g), as well as third parties acting for the account of these persons.
- i) Investor-clients of the Company responsible for facts pertaining to the Company, that have caused its financial difficulties or have contributed to the worsening of its financial situation or whom have profited from these facts.
- j) Other enterprises in the same group.
- k) 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 sub-paragraphs (e), (f), (g), (h) and (j) the ICF suspends the payment of compensation informing the interested parties accordingly, until it reaches a final decision as to whether such cases apply.

It is noted that the Fund shall not pay any compensation in respect of claims arising out of transactions involving a client who has been convicted of a criminal offence under the Prevention and Suppression of Money Laundering Activities Law of 2007, as amended from time to time.

## **5- Coverage – Amount of Compensation**

- i. 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, within the European Union.
- ii. The maximum amount of compensation that may be paid to a covered client of the Company will be, either the 90% of the cumulative covered claims of the covered investor, or the amount of €20.000, whichever is lower.

This means that, if the claim is for €50.000, the coverage will be €20.000, due to the fact that 90% of this claim, equals to €45.000. However, if the claim is for €10.000, the coverage will be €9.000 (Min (€10.000 X 90%, €20.000) = €9.000).

- iii. In the case of joint investment business:
  - a) in the calculation of the coverage provided for in sub-paragraph (ii), 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 subject to the exceptions provided for in point (c) below, each investor is provided with coverage pursuant to the provisions of sub-paragraph (ii); The 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, are, for the purpose of calculating the limits of compensation, aggregated and treated as if arising from an investment made by a single investor.
- iv. Where a covered client is not the ultimate beneficiary of the funds or financial instruments held by the Company:

- a) compensation shall be paid to the ultimate beneficiary if his identity is or may be established prior to the date of the determination by CySEC or ruling of the Court referred to in section 6 below.
  - 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.
- v. The currency in which compensation is paid to investors shall be the Euro. Where the funds and/or financial instruments are expressed in a currency other than the Euro, for purposes of calculation of the compensation amount, 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 has been initiated shall be used.

## **6- Compensation Payment Process**

The ICF compensates the covered Clients for claims arising due to the Company's failure to:

- 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 applicable legal and contractual conditions.

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 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 Company fails to repay or return, respectively.

The ICF initiates the compensation payment process provided that at least one of the following preconditions is fulfilled:

- a) The Cyprus Securities and Exchange Commission (CySEC) has determined by resolution that the Company 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 prospect of being able to do so in the near future. such of its duties as arise from its Clients' claims in connection with the covered services it has provided, as long as such inability is directly related to its financial circumstances with respect to which no realistic prospect of improvement in the near future seems foreseeable.

CySEC issues its decision on the commencement of the compensation payment procedure by the Fund, within a reasonable timeframe upon ascertaining the fulfilment of the preconditions for the issue of such decision, and publishes the said decision on its website on the internet.

- b) A court has, on grounds directly related to the financial circumstances of the Company, issued a ruling which has the effect of suspending the investors' ability to lodge claims against the Company.

Upon issuance of a decision to initiate the compensation payment process by a Court or by CySEC, the ICF publishes as soon as possible, in at least two (2) newspapers of national coverage, an invitation to the covered clients to make their claims against the Company arising from the covered services. The invitation outlines the procedure for submission of the relevant compensation applications, the deadline for the submission and the content of such applications.

A claim must be submitted by completing the claim form issued by the Fund, which sets out the information and supporting evidence required in order to evaluate the claims of covered investors. The Fund may request additional information where deemed necessary.

## **7- Conditions for the Payment of Compensation**

The payment of compensation by the Fund shall entail the following:

- i. the initiation of the compensation payment procedure;
- ii. the existence of a valid claim by a covered client against the Company, which derives from an investment operation;
- iii. the submission in time of a duly completed application form accompanied by the necessary supporting documents;
- iv. the claims do not arise from transactions in connection with which there has been a criminal conviction for money laundering as defined in the Prevention and Suppression of Money Laundering Activities Law of 2007;
- v. no criminal proceedings are pending against a covered client for money laundering as defined in the Prevention and Suppression of Money Laundering Activities Law of 2007;
- vi. the right of the covered client has not been limited/ time-barred by the limitation of actionable rights law.

Upon submission of the compensation applications, the Administrative Committee examines whether the conditions of points (i) to (vi) above are fulfilled.

The Administrative Committee rejects the compensation application in case the claimant-client used false or misleading means in order to secure the payment of the compensation by the Fund.

Upon completion of procedure before the Administrative Committee, the ICF:

- i. Issues minutes a decision listing the clients of the Company which are compensation beneficiaries along with the amount of money each one of them is entitled to receive, and, communicates it to CySEC and the Company within five (5) working days from its issue;

The said decision also lists the clients who will not receive compensation, as well as the relevant reasons/ justification for such decision;

and

- ii. Communicates to each affected client its decision the soonest possible finding no later than fifteen (15) days from its issue.

## **8- Objection to the ICF's decision**

The claimant to whom the Fund communicates its decision, may object in case it disagrees with the Fund's decision, within a deadline of one (1) month from the communication of the decision, by informing CySEC, justifying sufficiently his/her objection. The objection must be submitted to CySEC via email at [info@cysec.gov.cy](mailto:info@cysec.gov.cy), with subject "*objection to the ICF's decision*".

CySEC, in the context of examining an objection may:

- (a) request from the Fund, the Company and the claimant to submit information and particulars;
- (b) conduct any investigation required.

CySEC shall conclude the examination of the objection within forty-five (45) days and in case that it identifies an error/mistake in the evaluation made by the Fund, CySEC shall require the Fund to rectify the mistake and pay to the claimant the correct amount of compensation.

For more information regarding the preconditions and formalities for the payment of compensation by the ICF, please contact us via email at [backoffice@cfifinancial.com.cy](mailto:backoffice@cfifinancial.com.cy).