

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 in the event the latter has failed to meet its obligations towards the covered clients, in the course of providing investment and ancillary services, due to its financial circumstances and when no realistic prospect of improvement in the above circumstances in the near future seems possible.

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
- b) Investors characterized by the member as professional, upon their request
- c) States and international organizations.
- d) Central, federal, confederate, regional and local administrative authorities.
- e) Enterprises who have close ties with the Company, as per the interpretation of the term provided in the Law

- f) Managerial and administrative staff of the Company.
- g) 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.
- h) 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.
- i) 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.
- j) Apart from investors convicted of a criminal offence, pursuant to the Cyprus Prevention and Suppression of Money Laundering Activities Law, 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.
- 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), 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

The amount of 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 rules of setoff applied for the calculation 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.

The maximum amount of compensation that may be paid to a covered client of the Company is twenty thousand Euros (EUR 20,000) for covered services. The said coverage applies to the total amount of claims of the client towards the Company, irrespective of the number of accounts held, currency and place of offering the investment service.

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 twenty thousand Euros (EUR 20,000); 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.

6- Compensation Payment Process

The ICF compensates the covered Clients for claims arising from the covered services provided by the Company, when failure by the Company to fulfil its obligations has been ascertained.

“Failure to fulfill its obligation” means that the Company is not able to:

- a) Either return funds owed to its covered clients or funds which belong to them but are held by the Company, directly or indirectly, in the context of providing covered services to the covered client, and which the latter requested the Company to return in the exercise of their relevant right; or
- b) Return financial instruments that belong to the covered clients and which the Company holds, manages or keeps on its account.

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 is unable to meet 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.

The fulfilment of this precondition is presumed:

- i. If the Company submits to the ICF or to CySEC a written statement declaring its failure to fulfil its obligations towards its Clients; or
- ii. The Company files an application for liquidation in accordance with the provisions of Part V of the Companies Law of the Republic Cyprus; or
- iii. CySEC has revoked or suspended the Company’s authorization to provide investment services and ascertains that the Company is not expected to be in a position to fulfil its obligations toward its Clients in the near future, for reasons which do not concern a temporary lack of liquidity which can be dealt with immediately.

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 in the Official Gazette of the Republic as well as on its website on the internet.

- b) A court has, on reasonable 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, in at least three (3) 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, designating the procedure for the submission of the relevant applications, the deadline for the submission and the content of such applications.

The compensation applications of covered clients with which they make their claims against the Company are submitted to the ICF in writing and must include:

- i. The name of the claimant-client;
- ii. The address, telephone and fax numbers as well as any email address of the claimant-client;
- iii. The client code that the claimant-client had with the Company;
- iv. The particulars of the covered services agreement between the ICF and the claimant-client;
- v. The type and amount of the alleged claims of the claimant-client;
- vi. The particulars from which the alleged claims of the claimant-client and their amount are derived;
- vii. Any other information that the ICF may request.

Upon submission of the compensation applications, the Administrative Committee of the ICF has control especially if:

- i. The claimant-client falls within the category of covered clients;
- ii. The application was timely submitted;
- iii. The claimant-client is not convicted of a criminal offence pursuant to the Prevention and Suppression of Money Laundering Activities Law of 2007, as amended;
- iv. The conditions for the valid submission of compensation applications are fulfilled.

The Administrative Committee rejects the compensation application in case the claimant-client does not fulfil the conditions of points (i) to (iv) above, or if at the Administrative Committee's discretion, at least one of the following reasons exists:

- i. The claimant-client used fraudulent means in order to secure the payment of compensation by the ICF, especially if it knowingly submitted false evidence;
- ii. The damage suffered by the claimant substantially derived from concurrent negligence or offence on its behalf in relation to the damage it suffered and to its underlying cause.

Upon completion of the valuation of claims of covered clients, the ICF:

- i. Issues minutes 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; and
- ii. Communicates to each affected client its finding no later than fifteen (15) days from the issue of the aforementioned minutes determining the total compensation amount this client is entitled to receive.

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