



Z E R I C H

Securities Limited

INVESTOR COMPENSATION FUND

The Investor Compensation Fund (ICF) is the investor compensation fund of clients-members of the Fund operating under Section 59(1) and (2) of the Investment Services and Activities and Regulated Markets Law of 2017 whose competences and operations are regulated by the provisions of [the Investment Services and Activities and Regulated Markets Law of 2017](#) (the Law) and of [the Directive DI87-07 of the Cyprus Securities and Exchange Commission for the operation of the investors compensation fund](#) (the Directive). As a member of the ICF, ZERICH SECURITIES LIMITED (we, our, us) informs its clients on the formalities and conditions for the payment of compensation.

1. THE COVERAGE PROVIDED BY THE ICF

The ICF covers claims arising due to our 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 applicable legal and contractual conditions.

2. THE COVERED CLIENTS

Covered client means our client who is covered by the ICF for claims against us arising from the investment operations provided by us and excluding non-covered clients.

3. THE NON-COVERED CLIENTS

3.1. The ICF shall not compensate the following investor categories:

- (a) The following categories of institutional and professional investors:
 - (a) Investment Firms;
 - (b) legal entities associated with us 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 characterised by us as professionals upon their request.
- (b) Supranational institutions, government and central administrative authorities.
- (c) Provincial, regional, local and municipal authorities.
- (d) Enterprises that have close ties with us as the term «close ties» is construed in Article 2(1) of the Law.
- (e) Our managerial and administrative staff.
- (f) Our shareholders whose participation directly or indirectly in the capital amounts to at least 5% of its share capital, or its partners who are personally liable for our obligations as well as persons responsible for the carrying out of our financial audit as provided by the Law, such as its qualified auditors.



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- (g) Investors having in enterprises connected with us and, in general, with the group of companies to which we belong, positions or duties corresponding to those listed in clauses 3.1.(e) and 3.1.(f).
 - (h) Up to second-degree relatives and spouses of the persons listed in clauses 3.1.(e) to 3.1.(g), as well as third parties acting for the account of such persons.
 - (i) Investors-our clients responsible for facts pertaining to us that have caused its financial difficulties or have contributed to the worsening of its financial situation or have profited from these facts.
 - (j) Other firms 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.
- 3.2. In the cases of clauses 3.1.(e) to 3.1.(h) and 3.1.(j) the ICF shall suspend the payment of compensation informing the interested parties accordingly until it reaches a final decision as to whether such cases apply.

4. THE MAXIMUM AMOUNT OF THE COMPENSATION PAYABLE TO CLIENTS FOR THEIR TOTAL CLAIMS

The ICF shall provide coverage for the claims, which applies for the total claims of the covered client against us and shall be defined as the lower of 90% of the cumulative covered claims of the covered client and €20.000.

5. THE CONDITIONS AND FORMALITIES FOR THE PAYMENT OF COMPENSATION

- 5.1. The ICF initiates the compensation payment procedure when:
- (a) the Cyprus Securities and Exchange 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 client' 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.

The Cyprus Securities and Exchange Commission issues its decision for the initiation of the compensation payment procedure by the ICF within a reasonable time and publish the relevant information on its website.

- 5.2. Upon initiation of the compensation payment procedure, the ICF publishes 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 clause 5.
- 5.3. The publication provided for in clause 5.1. includes at least:
- (c) our name and address of the headquarters and the trade name;
 - (d) 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;
 - (e) the mode of submission of applications; and
 - (f) the address and/or website through which covered clients may obtain the relevant claim form provided by the ICF.

The publication shall be communicated immediately to the Cyprus Securities and Exchange Commission, which posts the publication on its website.



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- 5.4. In exceptional and justified cases, the ICF, 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 Cyprus Securities and Exchange Commission. The said announcement publishes by the ICF in at least two national newspapers, and the Cyprus Securities and Exchange Commission publishes it on its website.
- 5.5. In case a covered client was not in a position to submit such application within the deadline, the deadline of clause 5.3. 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.
- 5.6. The ICF issues a claim form setting out the information and supporting evidence required in order to evaluate the claims of covered clients.
Without prejudice to the provisions of this clause, the ICF may request additional information where deemed necessary.
- 5.7. The ICF may record and assess the submitted claims, either internally or by designating at least one expert in capital market issues and at least one lawyer with knowledge on capital market issues, who after initially reviewing the conditions of clause 5.8, evaluates the said applications and recommend to the Administrative Committee their acceptance or rejection, in whole or in part. In case of disagreement between the persons referred hereto, each one of them submits a separate recommendation.
- 5.8. The payment of compensation by the ICF shall entail the following:
- (a) the initiation of the compensation payment procedure;
 - (b) the existence of a valid claim by a covered client against us, which derives from an investment operation;
 - (c) the submission of an application form;
 - (d) that the claims do not arise from transactions for which there has been a criminal conviction for money laundering;
 - (e) there are no pending criminal proceedings against the said covered client for money laundering
 - (f) the right of a covered client has not been extinguished under the Limitation of Offenses Act
- 5.9. The calculation of the compensation payable arises from the sum of the total established claims of the covered client against us, arising from all covered services provided by us 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.
- 5.10. In the case of joint investment business:
- (a) in the calculation of the coverage provided for in clause 4, the share attributable to each covered client shall be taken into account;
 - (b) the claims shall be allocated equally amongst covered investors, unless there exist special provisions, and without prejudice to clause 5.10.(c), each client is provided with separate coverage
 - (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,



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which has no legal personality, shall, for the purpose of calculating the coverage provided for in clause 4, be aggregated and treated as if arising from an investment made by a single investor.

- 5.11. Where a covered client is not the ultimate beneficiary of the funds or financial instruments held by us:
- (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 clause 5.1.
 - (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 clause is not applied to undertakings for collective investments.

- 5.12. Compensation is paid in EURO, and, where the funds and/or financial instruments are expressed in a currency other than 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.
- 5.13. The ICF 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.