

## INVESTOR COMPENSATION FUND

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ARGUS Stockbrokers Ltd is licensed and regulated by the Cyprus Securities and Exchange Commission under license number CIF 010/03 for the provision of financial and investment services.

### Purpose

According to section 15 of the Investment Services and Activities and Regulated Markets Law of (87(I)/2017), a Cypriot Investment Firm ('CIF') must be a member of the Investment Compensation Fund ('ICF') which is an authorized investor compensation scheme in order to be allowed to provide the authorized investment and ancillary services.

The objective of the Fund is to secure the claims of covered clients against CIFs, in situations where the CIF is unable to fulfill its obligations.

The Fund compensates covered clients claims arising from the services provided by CIF who are members of the Fund, so long as failure by a CIF to fulfill its obligations has been ascertained. Failure to execute its obligations, consists of:

1. Failure to return to its covered clients funds owed to them or funds which belong to them but are held by the member of the Fund, directly or indirectly, in the context of the provision by the said member to the said clients of covered services, and which the latter requested the member to return in exercise of their relevant right
2. Failure to hand over to the covered clients financial instruments which belong to them and which the member of the Fund holds, manages or keeps on their account, including circumstances where the member is responsible for the management of the said financial instruments.

### CoveredServices

Covered services are the services offered by the CIF. The Fund shall not pay compensation to individuals for which criminal proceedings under the provisions of the Prevention and Suppression of the Legalization of Proceeds from Criminal Activities Law of 2007 are pending against them.

### CoveredClients

The Fund compensates all clients of the CIF, except clients listed below:

1. Investment firms
2. Legal entities associated with the member of the Fund and, in general, belonging to the same group of companies
3. Banks
4. Cooperative credit institutions
5. Insurance companies
6. Collective investment organizations in transferable securities and their management companies
7. Social insurance institutions and funds
8. Investors characterized by the member as professionals, upon their request
9. States and supranational organizations
10. Central, federal, confederate, regional and local administrative authorities
11. Enterprises associated with the member of the Fund
12. Managerial and administrative staff of the member of the Fund
13. Shareholders of the member of the Fund, whose participation, directly or indirectly, in the capital of the member of the Fund amounts to at least 5% of its share capital, or its partners who are personally liable for the obligations of the member of the Fund, as well as persons responsible for the carrying out of the financial audit of the member of the Fund as provided by the Law, such as its qualified auditors
14. Investors having in enterprises connected with the member of the Fund and, in general, of the group of companies, to which the member of the Fund belongs, positions or duties corresponding to the ones listed in points 12 and 13 above
15. Second-degree relatives and spouses of the persons listed in points 11, 12 and 13, as well as third parties acting for the account of these persons
16. Apart from investors convicted of a criminal offence pursuant to the Prevention and Suppression of the Legalization of Proceeds from Criminal Activities Law of 2007, investors-clients of a member of the Fund responsible for facts pertaining to the member of the Fund that have caused its financial difficulties or have contributed to the worsening of its financial situation or which have profited from these facts
17. 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 Cyprus Companies Law, Cap. 113, or a corresponding law of a Member State of the European Union

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### Procedure for the payment of compensation

The Fund will commence the compensation payment process upon one of the following situations:

- a. Issuance of a decision of the Cyprus Securities and Exchange Commission that the member of the Fund is unable to fulfill its obligations concerning client claims provided that the inability is a result of its financial circumstances which are not expected to improve in the near future
- b. Issuance of decision by the court which, based on reasonable grounds related to the financial circumstances of the member of the Fund, with the effect that investors ability to lodge claims against it are suspended
- c. A member of the Fund submits to the Fund or to the Cyprus Securities and Exchange Commission a written statement declaring its failure to fulfil its obligations towards its clients

Upon issuance of a decision, the Fund publishes in at least three newspapers of national coverage and invitation to the covered clients to make their claims against the member of the Fund. The invitation will outline the procedure for submission of relevant applications, including the deadline for submission and the content of such applications.

### Amount of compensation

To ascertain the claims of an investor against a member of the Fund, the books kept and the particulars issued by the member of the Fund will be taken into account. The amount of the compensation is calculated in accordance with the legal and contractual terms governing the relations of the investor with the member of the Fund, subject to the set-off rules applied for the calculation of claims between the investor and the member of the Fund. The valuation of the financial instruments is carried out on their market value at the day of calculation. In case the sum of the funds and financial instruments per client exceeds the amount of EUR 20,000, the amount in excess is not taken into consideration in the calculation of eligible funds and the investor shall nevertheless be entitled to receive maximum compensation of €20,000. The payment of any compensation by the Fund entails ipso jure subrogation of the Fund to the rights of the compensated covered client-claimant against the member of the Fund for an amount equal to the compensation payable to it.

*Date: 01 January 2020*