

Investor Compensation Fund

Introduction

NFS Network Financial Services Limited ("the Company") is a member of the Investor Compensation Fund ("ICF") for Clients of Cyprus Investment Firms (CIFs) and other Investment Firms (IFs) which are not credit institutions, which was established under the Investment Services and Activities and Regulated Markets Law of 2017 ("the Law") and Directive DI187-07 for the Operation of an Investor Compensation Fund of 2019, as amended from time to time. Any reference to "AML Law" shall mean The Prevention and Suppression of Money Laundering Activities Law of 2007-2018, as amended from time to time.

The object of the Fund is to secure the claims of the covered clients against the members of the Fund by the payment of compensation for their claims arising from the covered services provided by its members, in cases where the member concerned is unable, due to its financial circumstances and when no realistic prospect of improvement in the above circumstances in the near future seems possible and so long as failure by the member to fulfil its obligations has been ascertained, despite whether that obligation arises from legislation, the Client agreement or from wrongdoing on the part of the member of the ICF.

Covered Services

Covered services are the Investment and Ancillary Services offered by the Company, as listed on the Company's license issued by the Cyprus Securities and Exchange Commission which are:

Investment Services:

- Reception and transmission of orders in relation to one or more financial instruments;
- Investment Advice;

Covered Clients

The ICF covers Retail Clients of the Company. Professional Clients and Eligible Counterparties are not covered by the ICF. For more details see paragraph titled "Non-Covered Clients".

Non-Covered Clients

The ICF does not compensate the following investor categories.

1. Institutional and professional investors of the following categories; Investment Firms (IFs); Legal entities associated with the Company and, in general, belonging to the same group of companies; Banks; Cooperative credit institutions; Insurance Companies; Collective investment organisations in transferable securities and their management companies; Social insurance institutions and Funds; Investors categorised by the Company as professionals, upon their request.
2. States and supranational organisations.
3. Central, federal, confederate, regional and local administrative authorities.
4. Enterprises associated with the Company.
5. Managerial and administrative staff of the Company.
6. 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.
7. Investors having 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 points (5) and (6) above.
8. Second-degree relatives and spouses of the persons listed in paragraphs (5), (6) and (7), as well as third parties acting for the account of these persons.
9. Apart from the investors convicted of a criminal offence pursuant to AML Law, as amended or replaced, investors-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 which have profited from these facts.
10. 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 of the EU.

In the cases of paragraphs (5), (6), (7) and (8), the ICF suspends the payment of compensation informing the interested parties accordingly, until it reaches a final decision as to whether such cases apply.

The ICF shall pay no compensation in respect of claims arising out of transactions involving individuals convicted of a criminal offence for the said transactions, pursuant to AML Law. Any payment of a claim where there are pending criminal proceedings for the legislation of proceeds from illegal acts or activates under AML Law against a client-investor shall be suspended until the completion of such proceedings.

Compensation Payment Process

The Fund compensates covered clients for claims arising from the covered services provided by the members when failure by the Company to fulfil its obligations has been ascertained and which constitutes:

- a) either return to its covered Clients funds owed to them or funds which belong to them but are held by the Company, directly or indirectly, in the context of the provision by the Company to the said Clients of covered services, and which the latter requested the Company to return, in exercising their relevant right, or
- b) to hand over to the covered Clients financial instruments which belong to them and which the Company holds, manages or keeps on their account, including circumstances where the Company is responsible for the administrative management of the said financial instruments.

The compensation payment procedure will be initiated by the ICF when at least one of the following preconditions is fulfilled:

- a) the Cyprus Securities and Exchange Commission has determined by Resolution that the Company is unable to meet any of its duties arising from its investors-Clients claims, in connection with the covered services it has provided, as long as such inability is directly related to the Company's financial position which has no realistic prospect of improvement in the near future, and has issued its decision on the commencement of the compensation payment procedure by the ICF as well as publishing the said decision in the Official Gazette of the Republic of Cyprus as well as on its website on the Internet; or
- b) A judicial authority has on reasonable grounds, directly related to the financial position of the Company, made a ruling which has the effect of suspending the Clients' ability to lodge claims against the Company.
- c) 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. The invitation outlines the procedure for submission of the relevant compensation applications, including the deadline for 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; The name of the claimant-Client; The address, telephone and fax numbers as well as any email address of the claimant-Client; The Client code that the claimant-Client had with the Company; The particulars of the covered services agreement between the ICF and the claimant-Client; The type and amount of the alleged claims of the claimant-Client; The exposition of the particulars from which the alleged claims of the claimant-Client and their amount are delivered; and any other information the ICF might or will request.

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

- a) The claimant-Client falls within the category of covered Clients;
- b) The application was timely submitted;
- c) The claimant-Client is not convicted of a criminal offence pursuant to AML Law, as amended or replaced;
- d) The conditions for the valid submission of compensation applications are fulfilled.
- e) The Administrative Committee rejects the compensation application in case the claimant-Client does not fulfil the conditions referred to in paragraph above, or if at the Administrative Committee's discretion, at least one of the following reasons exists:
- f) The claimant-Client used fraudulent means to secure the payment of compensation by the ICF, especially if it knowingly submitted false evidence;
- g) 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.
- h) Upon completion of the valuation, 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
 - j) 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.

Compensation Amount

The compensation amount 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 off-set rules applied for the calculations of the claims between the covered Client and the Company. The calculation of the compensation payable derives from the sum of the 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 total payable compensation amount to each covered Client of the Company may not exceed the amount of twenty thousand Euros (€20,000) regardless of the number of accounts, of which the client is a beneficiary, the currency and place of provision of these services.

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.

General Information

If you have any queries regarding this Policy, please contact us via the contact us page on the Company's website or send an email to our Support Department at admin@nfseurope.com

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