# INVESTOR COMPENSATION FUND
# NOTICE TO CLIENTS

## Final Version: October 2023

[PUBLIC DOCUMENT]

Exclusive Change Capital Ltd is incorporated under the laws of Cyprus, with registration no. HE 337858, regulated by CySEC under license no. 330/17

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## 1. INTRODUCTION

Exclusive Change Capital (hereinafter the 'Company') is an investment firm incorporated and registered under the laws of the Republic of Cyprus, with registration number HE 337858. The Company is authorized and regulated by the Cyprus Securities and Exchange Commission (hereinafter the 'CySEC') under the license number 330/17.

Subject to the provisions of Article 15 of the Investment Services and Activities and Regulated Markets Law No. 87(I)/2017 (hereinafter – the "Law") with any possible amendments thereto and Directive DI87-07 of The Cyprus Securities and Exchange Commission for the Operation of the Investors Compensation Fund (hereinafter referred to as the "Regulations"), which were issued under the Law. The Company is a member of the Cyprus Investors Compensation Fund (hereinafter – the "Fund").

## 2. OBJECTIVES OF THE FUND

2.1. The objective of the Fund is to secure the claims of the covered clients against the Company through the payment of compensation for their claims arising from the covered services provided by the Company, so long as failure by the Company to fulfill its obligations has been ascertained.

2.2. The Fund shall initiate the compensation payment procedure when:

- The Cyprus Securities and Exchange Commission has determined 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 early prospect of being able to do so.
- a Court of the Republic of Cyprus, has made a ruling, for reasons directly related to the Company's financial circumstances, which has the effect of suspending investors' ability to make claims against it. The Cyprus Securities and Exchange Commission shall issue its decision for the initiation of the compensation payment procedure by the Fund within a reasonable time and publish the relevant information on its website.

## 3. COVERED CLAIMS

3.1. The Fund covers claims arising due to a Company's 's failure:

- to repay the funds owed to covered clients or belonging to them and held on their behalf in connection with investment operations; or
- 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 legal and contractual conditions applicable.

## 4. COVERED CLIENTS

The Fund covers the clients of the Company except those, who are included in the following categories of non-covered investors. The following categories of institutional and professional investors



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1. IFs;
2. legal entities associated with the Fund member and generally belonging to the same group of companies.
3. banks;
4. cooperative credit institutions.
5. insurance companies.
6. collective investment undertakings in transferable securities and their management companies.
7. social insurance institutions and funds.
8. investors characterized by the member as professionals upon their request, pursuant to the provisions of Part II of the Second Appendix of the Law 87 (I)/2017.
9. Supranational institutions, government and central administrative authorities.
10. Provincial, regional, local and municipal authorities.
11. enterprises that have close ties with the Fund member as the term «close ties» is construed in Article 2(1) of the Law 87 (I)/2017.
12. Managerial and administrative staff of the Fund member.
13. Shareholders of the Fund member whose participation directly or indirectly in the capital of the Fund member amounts to at least 5% of its share capital, or its partners who are personally liable for the obligations of the Fund member as well as persons responsible for the carrying out of the financial audit of the Fund member as provided by the Law, such as its qualified auditors.
14. Investors having in enterprises connected with the Fund member and, in general, with the group of companies to which the Fund member belongs, positions or duties corresponding to those listed in sub-paragraphs (5) and (6).
15. Up to second-degree relatives and spouses of the persons listed in sub-paragraphs (5), (6) and (7), as well as third parties acting for the account of such persons
16. Investors-clients of a Fund member responsible for facts pertaining to the Fund member that have caused its financial difficulties or have contributed to the worsening of its financial situation or have profited from these facts.
17. Other firms in the same group.
18. 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 (5), (6), (7), (8), and 10 the Fund shall suspend the payment of compensation informing the interested parties accordingly until it reaches a final decision as to whether such cases apply.



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## 5. COVERED SERVICES

The ICF shall compensate the Company's covered Clients as to the covered investment and ancillary services offered by the Company, as these are listed on its authorization which can be found in the website of the Cyprus Securities and Exchange Commission.

## 6. THE INITIATION OF THE COMPENSATION PAYMENT PROCESS BY THE FUND

6.1. Upon initiation of the compensation payment procedure, the Fund shall publish 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.

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

6.3. The Fund shall issue a claim form setting out the information and supporting evidence required in order to evaluate the claims of covered investors and may request additional information were deemed necessary. In exceptional and justified cases, the Fund, 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. 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 able to claim compensation in time, attaching all supporting evidence to that end.

## 7. COMPENSATION PAYMENT PROCESS

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

- the initiation of the compensation payment procedure;
- the existence of a valid claim by a covered client against the Company, which derives from an investment operation;
- the submission of an application form as prescribed above
- that the claims do not arise from transactions for which there has been a criminal conviction for money laundering as defined in the Prevention and Suppression of Money Laundering Activities Law of 2007;
- there are no pending criminal proceedings against the said covered client for money laundering as defined in the Prevention and Suppression of Money Laundering Activities Law of 2007;
- the right of a covered client has not been extinguished under the Limitation of Offenses Act

The Fund shall reject the application if the claimant has used false or misleading means in order to secure payment of the compensation.



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## 8. COMPENSATION AMOUNT – FORMALITIES

The calculation of the compensation payable shall arise from the sum of the total established claims of the covered client against the Company, arising from all covered services provided by the Company.

The Fund shall provide coverage for the covered claims which applies for the total claims of the covered client against a Company and shall be defined as the lower of 90% of the cumulative covered claims of the covered client and €20.000. In the case of joint investment business, the claims shall be allocated equally amongst covered investors.

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, shall, for the purpose of calculating the coverage, be aggregated, and treated as if arising from an investment made by a single investor.

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 initiation of compensation payment procedure. (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 considered.

Compensation shall be paid in Euro, and, where the funds and/or financial instruments are expressed in a currency other than the 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.

## 9. ANNOUCEMENT OF FUND'S DECISION

Upon completion of the assessment procedure the Fund shall:

a. issue a decision listing the clients of the Company, determining the amount of money each one of them is entitled to receive, and communicate it to the Cyprus Securities and Exchange Commission and the Company within five working days from its issue. The said decision shall also list those clients to whom no compensation shall be paid, and the reasons for this;

b. Communicate to each affected client its decision as soon as possible from its issue.

The claimant to whom the Fund communicates its decision, may, in case of disagreement, submit an objection in writing to the Cyprus Securities and Exchange Commission, within one month from the date on which the decision was notified, justifying its objection sufficiently.

The objection shall be submitted at info@cysec.gov.cy and entitled "Objection to the decision of the ICF". The Cyprus Securities and Exchange Commission must conclude the examination of the objection within forty-five (45) days and in case that identifies an error in the evaluation carried out by the Fund, it shall request in



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writing from the Fund to immediately rectify the mistake and pay the claimant the correct amount and inform the affected client accordingly.

## 10. DEADLINE AND PROCEDURE RELATING TO THE PAYMENT OF COMPENSATION.

The Fund shall pay each covered client/claimant the compensation that he is entitled to, within three months from the date that the decision was communicated to the covered client.

The payment of the compensation by the Fund shall be deposited in a bank account of the covered client. In extraordinary and justified circumstances, the Fund may request from the Cyprus Securities and Exchange Commission an extension of the deadline. The said extension may not exceed three months.

The Fund 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.



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