

# INVESTOR COMPENSATION FUND

Update Date: July 2024

INVESTOR COM

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## 1. INTRODUCTION

1.1 Royal Financial Trading (Cy) Ltd, hereinafter referred to as the “Company” or “OneRoyal” is incorporated in the Republic of Cyprus with Certificate of Incorporation Registration Number: HE 349061. The Company is authorized and regulated by the Cyprus Securities and Exchange Commission (‘CySEC’), with License Number: 312/16, and operates under the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law of 2017, Law 87(I)/2017, as subsequently amended from time to time (the “Law”). The Company’s head office is located at 152 Franklin Roosevelt Avenue, 3045 Limassol, Cyprus

1.2 The Company is a member of the Investor Compensation Fund, hereinafter referred to as the ‘Fund’. The Fund was established under the Investment Firms Law 2002 as amended, the ‘Law’ and the Establishment and Operation of an Investor Compensation Fund for Clients of CIFs Regulations of 2004, the ‘Regulations’, which were issued under the Law.

1.3 The Fund constitutes a private legal entity and its administration is exercised by an Administrative Committee of five

(5) members, who are designated for a three-year term. The Fund has been operating since 30th May 2004

## 2. SERVICES COVERED

2.1 The Fund will compensate the Company’s covered Clients as to the covered investment and ancillary services offered by the Company, as described on its authorization, which can be found on the website of the CySEC: <https://www.cysec.gov.cy/en-GB/entities/investment-firms/cypriot/38531/>

## 3. CLIENTS COVERED

The Fund covers all the retail clients of the Company but does not cover ‘Professional Clients’ nor ‘Eligible Counterparties’. The Fund does not cover the following categories of investors:

1. The following categories of institutional and professional investors:
  - (a) Investment Firms (IFs)
  - (b) Legal entities associated with a member of the Fund and, in general, belonging to the same group of companies
  - (c) Banks
  - (d) Cooperative credit institutions
  - (e) Insurance companies
  - (f) Collective investment organizations in transferable securities and their management companies.
  - (g) Social insurance institutions and funds
  - (h) Investors characterized, by a member, as professionals, upon their request, in accordance with articles 14 and 15 of the Code of Professional Conduct of IFs
2. States and international organizations
3. Central, federal, confederate, regional and local administrative authorities

4. Enterprises associated with a member of the Fund, in accordance with the Fifth Schedule of Law 144(I)
  5. Managerial and administrative staff of a member of the Fund
  6. Shareholders of a member of the Fund, whose direct or indirect participation in the capital of a 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
  7. Investors involved in enterprises connected with a member of the Fund and, in general, of the group of companies to which the member of the Fund belongs, who have positions or duties corresponding to the ones listed in articles (5) and (6)
  8. Relatives and spouses of the persons listed in articles (5), (6) and (7), as well as third parties acting on account of these persons
  9. Clients who file claims arising out of transactions involving individuals convicted of a criminal offence pursuant to the Prevention and Suppression of Money Laundering Activities Law or 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 that 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 European Union
- 3.1 In the cases of articles 3.1. [(5), (6), (7) and (8)], the Fund will suspend the payment of compensation, informing the interested parties accordingly, until it reaches a final decision as to whether such cases apply

#### 4. OBJECTIVE OF THE FUND

4.1 The objective 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, so long as failure, by the member, to fulfil their obligations has been proven.

4.2 The term “failure” denotes the inability of the Company to:

- (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, 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 cases where the Company is responsible for the administrative management of the said financial instruments.

4.3 The Payment by the Fund to the Clients of its members is subject to the existence of a well- founded claim by the customer against the member of the Fund.

## 5. COMPESATION PAYMENT PROCEDURE

5.1 The Fund initiates the payment procedure when, at least, one of the following is fulfilled:

- (a) CySEC has determined, by Resolution, that the member of the Fund 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 member's financial position, which has no realistic prospect of improvement in the near future, or
- (b) A judicial authority has, on reasonable grounds directly related to the financial position of the member, made a ruling which suspends the Client's ability to lodge claims against the member

5.2. Upon issuing a decision by CySEC or the Court, as per 5.1., on the commencement of the compensation payment procedure, the Fund will publish an invitation, in at least two national newspapers, to make their claims against the member arising from the covered services, designating the procedure for the submission of the relevant applications along with the deadline for their submission and their content.

5.3. The publication will include at least: (a) the name and address of the headquarters and the trade name of the Company (b) the deadline for the submission of the compensation applications, which cannot be less than five (5) months or more than nine (9) months from the date of the initiation of the compensation payment procedure, or from the date of its publication (c) the mode of submission of applications and (d) the address and /or website through which covered clients may obtain the relevant form. The said publication will be communicated to CySEC, which posts the publication on its website.

In exceptional and justified cases, the Fund, with an announcement may extend the deadline for the submission of compensation applications up to three (3) months, provided it obtains the approval from CySEC.

5.4. The Fund issues the compensation application that defines the required information and evidence required for the examination of the compensation applications of the covered clients. The Fund may ask for additional information where it deems necessary.

5.5. The Administrative Committee examines the applications before it and shall reject the application if the claimant has used false or misleading means to secure the compensation payment.

5.6. If a covered client was not in a position to submit a compensation application within the announced deadlines, the said deadlines shall not apply to this covered client to submit the compensation application or the relevant particulars within the defined deadline. A covered client who applies late to the Fund for the payment of compensation is obliged to submit, in addition to the information forming the necessary minimum content of the application, a solemn declaration stating the reason for which he was not in a position to claim compensation in time attaching the necessary supporting evidence to prove his allegations.

5.7. Upon completion of the procedure before the Administrative Committee, the Fund issues a decision listing the clients of the Fund member, determining the amount of money each one of them is entitled to receive and communicates it to the Commission and the Fund member within five working days from its issue. The said decision also lists those clients to whom no compensation shall be paid, and the reason for this. The Fund also communicates to each affected client its decision as soon as possible from its issue.

5.8. The claimant to whom the Fund communicates its decision may in case of disagreement, submit an objection in writing to the CySEC, within one (1) month from the date on which the decision was notified, justifying its objection sufficiently. The objection shall be submitted at [info@cysec.gov.cy](mailto:info@cysec.gov.cy) and entitled "Objection to the decision of the ICF". The Commission in the context of examining an

objection may request from the Fund, and/or the Fund member and/or the claimant to submit information and particulars and conduct any investigation.

## 6. COMPENSATION

6.1 The amount of compensation payable to each covered customer is calculated in accordance with the legal and contractual terms governing the relationship of the covered customer with the member, subject to the off-set rules applied for the calculation of the claims between the two parties. The calculation of the compensation payable derives from the sum of the total established claims of the covered client against the member, arising from all covered services provided by the member and regardless of the number of accounts of which the customer is a beneficiary, the currency and place of provision of these services

6.2 The valuation of the financial instruments relating to the compensation payable to the covered customer is carried out based on the value of the day:

- (a) of publication of the court ruling, which has the effect of suspending the investor's ability to lodge claims against the member based on reasonable grounds that are directly related to the financial circumstances of the member of the Fund;
- (b) of publication of the decision by CySEC that the member of the Fund is unable to meet any of its duties arising from its client's claims in connection with the covered services it has provided, as long as such inability is directly related to its financial circumstances in respect of no realistic prospect of improvement in the near future

6.3 The amount to be compensated to the claimant is the lower of 90% of the cumulative covered claims of the covered client and twenty thousand Euros (€20,000). In case the investment firm is providing services to its Clients through a branch situated in a third country, the maximum compensation payable to the Clients of the branch is, per Client, the lump sum paid by any investor compensation scheme in operation in that specific third country, but which doesn't exceed the amount of twenty thousand Euros (€20,000).

6.4 In the case of joint accounts:

- (a) in the calculation of the coverage provided, the share attributable to each covered investor shall be taken into account
- (b) the claims shall be allocated equally amongst covered investors, unless there exist special provisions, and each investor is provided with separate coverage.

6.5 Where a covered client is not the ultimate beneficiary of the funds or financial instruments held by the member:

- (a) compensation will be paid to the ultimate beneficiary if his identity is or may be established prior to the date of the determination or ruling
- (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.

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

6.7 The Fund pays each covered client/claimant the compensation that he is entitled to, within three (3) months from the date that the decision was communicated to the covered client to a bank account designated by the said client in writing.