



## Investor Compensation Fund Notice



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## 1. Membership

Mega Equity Securities and Financial Services Public Ltd (the “Company”) is a member of the Investor Compensation Fund (hereinafter the “ICF”) for Customers of Investment Firms. The ICF operates pursuant to the provisions of Directive DI144-2007-15 of the Cyprus Securities and Exchange Commission, for the Continuance of Operation of the CIF Investor Compensation Fund (the ‘Directive’), and the Company complies, at all times with the provisions of the abovementioned Law and Directive.

## 2. Scope

- 2.1. Subject to the provisions of the Directive, the primary objective of the ICF is to safeguard the claims of Covered Clients (as defined under the applicable legislation) against the Company, regarding the provision of investment or ancillary service(s). This is achieved through the payment of compensation for eligible claims arising from the Covered Services provided by the Company, in accordance with the procedure outlined in Section 5 below.
- 2.2. The ICF aims to compensate Covered Clients in cases where the Company is unable to meet any of its obligations arising from a Covered Client’s claim regarding the provision of investment or ancillary services, and where the Company’s financial position is unlikely to improve in the foreseeable future, provided that all criteria set out in the applicable legislation have been fulfilled.
- 2.3. The ICF shall pay compensation to a Covered Client for a successful claim brought in relation to a Covered Service provided by the Company, once it has been established that the Company has failed to fulfil its obligations toward the Covered Client.
- 2.4. Failure by the Company to fulfil its obligations to a Covered Client shall be deemed to occur under the following circumstances:
  - a) Failure to return funds owed to a Covered Client or funds which belong to a Covered Client but are held by the Company, directly or indirectly, and which the Covered Client has requested the Company to return in the context of exercising a right under the Client Agreement; or
  - b) Failure to hand over to a Covered Client financial instruments that rightfully belong to them and which the Company holds, manages, or keeps on its account, including but not limited to cases where the Company is responsible for the administrative management of such financial instruments.

## 3. Management of the ICF

- 3.1. The management of the ICF shall be entrusted to an Administrative Committee composed of five (5) members. Each member shall possess the necessary knowledge, experience, and expertise to effectively discharge their responsibilities. The Administrative Committee shall be responsible for the overall administration, management, and representation of the ICF, ensuring its proper operation in accordance with applicable laws, regulations, and internal policies.



## 4. Covered Services

- 4.1. ICF shall compensate any Covered Client of the Company in respect of a claim arising out of a Covered Service meaning any investment or ancillary service(s) provided at the time by the Company and presented on: <https://www.cysec.gov.cy/en-GB/entities/investment-firms/cypriot/37640/>
- 4.2. The ICF will not provide compensation to any individual found guilty of an offence under the Prevention and Suppression of Money Laundering Activities Law.

## 5. Covered Clients

- 5.1. The ICF provides coverage solely to the retail clients of the Company. Professional Clients and/or Eligible Counterparties are not covered.
- 5.2. In addition, under the applicable legal framework, any person who is subject to an ongoing criminal investigation in accordance with the Prevention and Suppression of Money Laundering Activities Law of 2007, as amended from time to time, is not eligible to receive compensation from the ICF.
- 5.3. The Company does not compensate the following investor categories:
1. Entities and Professionals
    - (a) IFs
    - (b) Legal entities associated with the Company and, in general, belonging to the same group of companies,
    - (c) Banks,
    - (d) Cooperative credit institutions,
    - (e) Insurance companies,
    - (f) Collective investment undertakings and their management companies,
    - (g) Social insurance institutions and funds,
    - (h) Investors categorised by the Company as professional upon their request.
  2. States and supranational organizations.
  3. Central, federal, confederate, regional and local administrative authorities.
  4. Enterprises that have close ties with the Company. Enterprises with “close ties” or “close links” here means companies belonging to the same group as well as natural persons who directly or indirectly control that legal person or its parent company, holding a minimum percentage of 20% of the share capital or voting rights and their associates.
  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 their 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 Company's qualified auditors.
  7. Investors having investments in enterprises connected with the Company and, in general, of the group of companies, to which the Company belongs to, or positions and duties corresponding to the ones listed in paragraphs (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 on behalf of these persons.



9. Investors convicted of a criminal offense offence for the said transactions, pursuant to the Prevention and Suppression of Money Laundering Activities Law of 2007 and 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.
10. Companies (investors), which due to their size are not allowed not to draw a summary balance sheet in accordance with the Companies Law or corresponding law of a Member State.

In the cases of paragraphs 5, 6, 7, 8, and 9 the ICF suspends the payment of compensation informing the interested parties accordingly, until it reaches a final decision as to whether such cases apply.

## 6. Compensation Payment Procedure

6.1. The ICF initiates the compensation payment procedure when at least one of the following prerequisites is fulfilled:

1. The Cyprus Securities and Exchange Commission (hereinafter the “CySEC”) has determined by a decision that the Company, which has subscribed to the ICF, is unable, at present, to meet its obligations arising from its investors-customers’ claims, in connection with the provision of investment services or the ancillary services of Law 87(I)/2017, provided that such inability is directly related to its financial circumstances in respect of which there is no foreseeable realistic prospect of improvement in the near future, or
2. A court has, on reasonable grounds directly related to the financial circumstances of the Company which has subscribed to the ICF, issued a ruling which has the effect of suspending the investors ability to lodge claims against the said Company.

6.2. Subject to the provisions of the Directive, the ICF compensates the covered clients for claims arising from the covered services provided by its members, so long as failure by the member to fulfil its obligations has been ascertained, in accordance with the terms and procedure defined in the Directive, notwithstanding a relevant obligation by the member of the ICF in accordance with the legislation and the terms which govern its agreement with the covered client and regardless of whether the said obligation of the member of the ICF is based on the agreement or on wrongdoing. Failure by a member of the ICF to fulfil its obligations consists of its failure:

1. Either to return to its covered clients funds owed to them or funds which belong to them but are held by the member, directly or indirectly, in the framework 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; or
2. To hand over to the covered clients financial instruments which belong to them and which the member of the ICF holds, manages or keeps on their account, including the case where the member is responsible for the administrative management of the said financial instruments.

6.3. CySEC then issues a decision for the initiation of the compensation payment procedure by the ICF within a reasonable time and publishes the relevant information on its website.

6.4. 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, which cannot be lower than five months, as well as their content. The publication is communicated immediately to the CySEC which shall post the publication on its website.

6.5. 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 CySEC. The said announcement is published by the ICF in at least two national newspapers, and the CySEC shall publish it on its website.

6.6. Each Covered Client wishing to submit a claim against the Company shall do so in writing to the ICF. Each claim must include, at a minimum, the following information:

- Full name, address, telephone and fax numbers, and email address;
- The Client's account number with the Company;
- Details of the Client Agreement with the Company;
- The type and amount of the claim;
- Supporting documentation evidencing the claim, including the calculation of the claimed amount.

6.7. In the event that the aforementioned requirements are not fulfilled, the Administrative Committee reserves the right to reject the claim.

6.8. A claim may also be refused if the Administrative Committee determines that any of the following circumstances apply:

- The Client has submitted false or misleading documentation;
- The Client has incurred loss or damage as a result of their own contributory negligence or as a consequence of an offence committed by the Client.

6.9. 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 the compensation in time, attaching all supporting evidence to that end.

6.10. Upon completion of the procedure, the ICF issues a decision, listing the clients of the ICF member, determining the amount of money each one of them is entitled to receive, and communicate it to the CySEC and the ICF member within five (5) working days from its issue. The said decision, also lists clients to whom no compensation shall be paid, and the reasons for this.

6.11. The ICF should communicate to each affected client its finding no later than 15 days from the issue of the minutes, specifying the amount.

6.12. The claimant, to whom the ICF communicates the total compensation amount to which he is entitled, in case he disagrees with the ICF's decision, has the right within 10 days from the communication of the decision to appeal to the CySEC, justifying sufficiently his alleged claim.

6.13. The ICF shall pay 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.



- 6.14. The payment of the compensation by the ICF is deposited to a bank account of the covered client - claimant designated by the latter in writing to the ICF.

## **7. Invitations for submission of applications**

- 7.1. On the commencement of the compensation payment process, the ICF publishes in at least three newspapers of national coverage, an invitation to the covered clients to make their claims against the member of the ICF arising from covered services, designating the procedure for the submission of the relevant applications, the deadline for their submission and their content.

The compensation applications of covered clients with which they make their claims against a member of the ICF are submitted to the ICF in writing. The compensation applications must include:

1. the name of the claimant;
2. the address, telephone and fax numbers as well as any email address of the claimant;
3. the client code that the claimant had for the member of the ICF;
4. the particulars of the covered services agreement between the member of the ICF and the claimant;
5. the type and amount of the alleged claims of the claimant; and
6. the particulars from which the alleged claims of the claimant and their amount are derived;
7. the ICF may ask for more information included in the compensation application, which it communicates with its publication in at least three newspapers of national coverage as well as in the Official Gazette of the Republic of Cyprus and puts a catalogue with this information at the disposal of investors, at its offices and/or at the offices of the member of the ICF.

## **8. Amount of Compensation**

- 8.1. A Covered Client is eligible to receive compensation of up to a maximum of Twenty Thousand Euros (€20,000). This coverage applies to the total amount of all claims of the Covered Client against the Company, regardless of the number of accounts held, the currency involved, or the location where the services were provided.
- 8.2. In the case of a joint investment operation, the part of the claim attributable to each investor is considered. Joint investment operation means covered investment or ancillary service(s) which is carried out on behalf of two or more beneficiaries, and generally persons who have a right which may be exercised upon the signature of one or more such persons.
- 8.3. The amount of the compensation payable to each covered client is calculated in accordance with the legal and contractual terms governing the relation of the covered client with the member of ICF, subject to the set-off rules applied for the calculation of the claims between the covered client and the member of the ICF.
- 8.4. The valuation of the financial instruments pertaining to the compensation payable to the covered client is carried out based on their value on the day:
1. of publication of the court ruling as mentioned above in paragraph 5; or
  2. of publication of the decision of the CySEC as mentioned in paragraph 5.



- 8.5. The calculation of the payable compensation derives from the sum of total established claims of the covered client against the member of the ICF, arising from all covered services provided by the member and regardless of the number of accounts, of which it is a beneficiary, the currency and place of provision of these services.
- 8.6. The maximum compensation payable to a claimant is capped at €20,000. In cases where the total claim exceeds this amount, the claimant will receive a lump sum of €20,000.
- 8.7. In the case whereby beneficiaries of a Joint Account of a member of the ICF are in their majority covered clients:
1. The maximum amount payable to all co-beneficiaries of the account comes up to the amount of €20,000 (or the third-country amount, as applicable), and
  2. The compensation is fixed on the whole account for all co-beneficiaries of the joint account and is divided amongst them, in the way determined in the agreement between the co-beneficiaries and the member of the ICF, otherwise, in the absence of such agreement, it is divided equally amongst them.

## 9. Policy Review and Updates

- 9.1. This Investor Compensation Fund (“ICF”) Policy is reviewed by the Company at least annually, or more frequently where required, to reflect changes in the applicable legal and regulatory framework, operational practices, or the Company’s obligations as a member of the ICF.
- 9.2. The most recent version of this Policy is available on our website and is also provided as part of the account opening documentation.
- 9.3. This Policy may be updated or amended from time to time. When significant changes are made, the Company will notify you accordingly and update the revision date indicated below in section 10. We recommend that you periodically review the ICF Policy published on our website to remain informed about the scope of ICF coverage, eligibility criteria, and the procedures applicable in the event of a compensation claim.

## 10. Further Information

- 10.1. For any further information regarding the ICF, please refer to the offices of the Administrative Committee of the ICF, at the following address:

**Address:**

27 Diagorou Str., CY-1097 Nicosia,  
P.O. Box 24996, 1306 Nicosia

**Contact Details:**

Email: [investmentfirms@cysec.gov.cy](mailto:investmentfirms@cysec.gov.cy)

Telephone: +357 22 506600

Fax: +357 22 506700

- 10.2. For more information on the applicable regulations, please visit the Cyprus Securities and Exchange Commission (CySEC) website: <http://www.cysec.gov.cy/>