

INVESTOR COMPENSATION FUND POLICY

Ultima Markets Cyprus Ltd
(www.ultimamarkets.eu) with
registration number HE423188 and
Head Office Address at Georgiou
Griva Digeni 122A, Kallinicos Court,
Shop 1 – Upper Level, Neapolis 3101,
Limassol, Cyprus, is an investment
firm authorized and regulated by
the Cyprus Securities and Exchange
Commission with CIF license
number 426/23.



■ **Table of Contents**

■	Table of Contents	1
1	INTRODUCTION	2
2	LEGAL FRAMEWORK	2
3	COVERED CLIENTS	2
4	COVERED SERVICES	3
5	COMPENSATION OF COVERED CLIENTS AND FORMALITIES	4
	• Initiation of the compensation payment procedure by the Fund	4
	• Covered Claims	5
	• Procedure of invitation of covered clients to submit applications	5
	• Late submission of applications	6
	• Claim application form	6
	• Procedure relating to the recording and evaluation of claims	6
	• Compensation payment conditions	7
	• Determination of the amount of the compensation payable	7
	• Decision of the Administrative Committee on submitted applications	8
	• Unjustifiably paid compensation	8
	• Announcement of Fund's Decision	8
	• Objection to the Fund's Decision	9
	• Deadline and procedure relating to the payment of compensation	9
	• Effects of payment of compensation	9



1 INTRODUCTION

Ultima Markets Cyprus Limited (hereinafter the “**Company**”) is a member of the Investors Compensation Fund (the “**Fund**”) for Customers of Cyprus Investment Firms (CIFs) and other Investment Firms (IFs) which are not credit institutions.

The Company is an investment firm that is established in the Republic of Cyprus and is authorised by the Cyprus Securities and Exchange Commission (the “**CySEC**” or the “**Commission**”) pursuant to the Law 87(I)/2017, to provide one or more investment services to third parties and/ or perform one or more investment activities in accordance with its Cyprus Investment Firm (“**CIF**”) authorization under CIF Number 426/23.

The Fund constitutes a private law legal entity and its administration is exercised by an Administrative Committee of five members along with one alternate member for each one, these replacing them in case of absence or impediment, who are designated for a three-year term.

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, so long as failure by the member to fulfil its obligations has been ascertained.

It is a legal obligation for CIFs and other IFs, which are not banks, to subscribe to the Fund.

2 LEGAL FRAMEWORK

- Law 87(I)/2017 (hereinafter referred to as the “**Law**”);
- Directive DI87-07 of the Cyprus Securities and Exchange Commission for the Operation of the Investors Compensation Fund, as amended from time to time.

3 COVERED CLIENTS

The Fund covers the clients of the Company, except those belonging into the following categories:

- a. The following categories of institutional and professional investors:
 - IFs
 - legal entities associated with the member of the Fund 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 characterized by the member as professionals, upon their request
- b. Supranational institutions, government and central administrative authorities.
- c. Provincial, regional, local and municipal authorities.
- d. Enterprises who have close ties with the Company, as per the interpretation of the term provided in the Law.
- e. Managerial and administrative staff of the members of the Fund.
- f. 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, such as its qualified auditors.
- g. 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 paragraphs (e) and (f).
- h. Up to second-degree relatives and spouses of the persons listed in paragraphs (e), (f) and (g), as well as third parties acting for the account of these persons.
- i. 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.
- j. Other firms in the same group.
- k. Investors in the form of a company, which due to its size, are 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 paragraphs (e), (f), (g), (h) and (i), the Fund suspends the payment of compensation informing the interested parties accordingly, until it reaches a final decision as to whether such cases apply.

4 COVERED SERVICES

Covered services are the following investment services which are offered by the Company:

- Reception and transmission of orders in relation to one or more of the financial instruments
- Execution of orders on behalf of clients



According to the Service Agreement signed by the Customer, the Company may offer at its discretion the following ancillary services to the Customer:

- Safekeeping and administration of financial instruments, including custodianship and related services.
- Foreign exchange services where these are connected to the provision of investment services;
- Granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction.

Financial Instruments in relation to which investment services are currently provided by the Company are Financial contracts for differences (CFDs):

- Transferable securities
- Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash
- Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event)
- Financial contracts for differences

5 COMPENSATION OF COVERED CLIENTS AND FORMALITIES

• Initiation of the compensation payment procedure by the Fund

The Fund initiates the compensation payment procedure when:

- i. The Commission has determined that a member 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.

The Commission issues its decision on the commencement of the compensation payment procedure by the Fund, within a reasonable timeframe upon ascertaining the fulfilment of the preconditions for the issue of such decision and publishes the said decision on its website on the internet.



- ii. A Court of the Republic has made a ruling, for reasons directly related to a member's financial circumstances, which has the effect of suspending investors' ability to make claims against it.

- **Covered Claims**

The Fund covers claims arising due to member's failure:

- i. To repay the funds owed to covered clients or belonging to them and held on their behalf in connection with investment operations; or
- ii. 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.

- **Procedure of invitation of covered clients to submit applications**

Upon initiation of the compensation payment procedure, the Fund shall publish as soon as possible in at least two national newspapers, an invitation to the covered clients 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, as defined specifically in Part V of Directive DI87-07.

The publication contains at least:

- i. the name and address of the headquarters and the trade name of the Company;
- ii. the deadline for the submission of compensation applications, which cannot be less than five (5) months or more than nine months than nine (9) months from the date of initiation of the compensation payment procedure, or from the date of its publication;
- iii. the method of submission of applications; and
- iv. the address and/or website through which covered clients may obtain the relevant claim form provided by the Fund.

The publication is immediately communicated to the Commission, which posts the publication on its website.

The Fund may, in exceptional and justified cases, with an announcement, extend the deadline for the submission of compensation applications up to three (3) months, upon the Commission's approval. The Fund's announcement is published in at least two national newspapers, and the Commission publishes it on its website.



- **Late submission of applications**

In case a covered client was not in a position to submit the application within the deadline, the deadline mentioned in the previous paragraph shall not apply thereto, if conditions occurred that prevented the observance of the deadline for the submission of a compensation application or for the collection and submission of the information required.

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

- **Claim application form**

The Fund issues a claim form setting out the information and supporting evidence required in order to evaluate the claims of covered investors. The Fund may request additional information where deemed necessary.

- **Procedure relating to the recording and evaluation of claims**

The Fund may record and assess the submitted claims, either internally or by designating at least one expert in capital market issues and at least one lawyer with knowledge on capital markets issues, who after initially reviewing the payment compensation conditions shall evaluate the said applications and recommend to the Administrative Committee their acceptance or rejection, in whole or in part.

In case of disagreement between the expert in capital markets issues and the lawyer with knowledge on capital market issues, each of them submits a separate recommendation.

The expert in capital markets issues and the lawyer with knowledge on capital market issues:

- i. Request from the Company to express a justified opinion on the grounds of the claims alleged by the claimants, within a specific time limit, in order to evaluate the application.
- ii. Proceed with the evaluation of the applications in case the Company does not submit its justified opinion on time.
- iii. Determine the amount of the compensation for each claimant.

The expert and the lawyer mentioned above have full access to the records of the Company for which the Fund has been activated in order to carry out their work.



- **Compensation payment conditions**

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

- i. The initiation of the compensation payment procedure;
- ii. The existence of a valid claim by a covered client against the Company, which derives from an investment operation;
- iii. The submission in time of a duly completed application form as prescribed in the Directive DI87-07;
- iv. The claims do not arise from transactions for which there has been a criminal conviction for money laundering;
- v. There are no pending criminal proceedings against the covered client for money laundering;
- vi. The right of the covered client has not been extinguished under the Limitation of Offences Act.

- **Determination of the amount of the compensation payable**

The calculation of the payable compensation arises from the sum of the total established claims of the covered client against the Company, emerging from all covered services provided by the member and regardless of the number of accounts of which it is the beneficiary, the currency and place where such services are provided within the European Union.

The maximum amount of compensation that may be paid to a covered client of the Company will be the lower of 90% of the cumulative covered claims of the covered client and €20.000.

This means that, if the claim is for €50.000, the coverage will be €20.000, due to the fact that 90% of this claim, equals to €45.000. However, if the claim is for €10.000, the coverage will be €9.000 (Min (€10.000 X 90%, €20.000) = €9.000).

In the case of investment business carried out for the account of two or more persons or over which two or more persons have rights that may be exercised by means of the signature of one or more of those persons (“joint investment business”):

- i. The share attributable to each covered investor is taken into account in the calculation of the abovementioned coverage;
- ii. The claims are allocated equally amongst covered investors, unless there exist special provisions, each investor is provided with separate coverage;
- iii. 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 mentioned above, be aggregated and treated as if arising from an investment made by a single investor.

In the case the covered client is not the ultimate beneficiary of the funds or financial instruments held by the Company:

- i. A compensation shall be paid to the ultimate beneficiary if his identity is or may be established prior the date of the determination or ruling.
- ii. 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 are taken into account.

The currency in which compensation is paid to investors shall be the Euro. Where the funds and/or the financial instruments are expressed in a currency other than 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 has been initiated shall be used.

- **Decision of the Administrative Committee on submitted applications**

The Administrative Committee examines the applications and decides whether the compensation payment conditions are fulfilled or not.

When examining the applications, the Administrative Committee takes into account the recommendation of the expert in capital market issues and of the lawyer with knowledge on capital market issues.

The Administrative Committee rejects the application if the claimant has used false or misleading means in order to secure the payment of the compensation.

- **Unjustifiably paid compensation**

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, in accordance with the Directive DI87-07.

- **Announcement of Fund's Decision**

Upon completion of the procedure before the Administrative Committee, the Fund:

- i. Issues 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 Commission and the Company within five (5) working days from its issue;



The decision also lists those clients to whom no compensation shall be paid, and the reasons for such decision;

and

- ii. Communicates to each affected client its decision as soon as possible from its issue.

• **Objection to the Fund’s Decision**

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

The objection shall be submitted at info@cysec.gov.cy and be 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 Company and/or the claimant to submit information and particulars;
- Conduct any investigation required.

The Commission must conclude the examination of the objection within forty-five (45) days and in case that it identifies an error in the evaluation carried out by the Fund, it shall request in writing from the Fund to immediately rectify the mistake and pay the claimant the correct amount, and inform the affected client accordingly.

• **Deadline and procedure relating to the payment of compensation**

The Fund shall pay to 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.

The payment of the compensation by the Fund is deposited to a bank account of the covered client-claimant, designated by the latter in writing via the claim application form.

In extraordinary and justified circumstances, the Fund may request from the Commission an extension of the deadline which may not exceed three (3) months.

• **Effects of payment of compensation**


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




<https://ultimamarkets.eu/>

during the liquidation procedure of the said member for an amount equal to the compensation payable to it.

For more information regarding the preconditions and formalities for the payment of compensation by the ICF, please contact us via email at info@ultimamarkets.eu.

 00357-- 25747775

 contactus@ultimamarkets.eu

10