

# INVESTOR COMPENSATION FUND

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## TABLE OF CONTENT

1. INTRODUCTION	01
2. SERVICES COVERED	01
3. CLIENTS COVERED	01
4. OBJECT OF THE FUND	02
5. PRECONDITIONS FOR THE INITIATION OF THE COMPENSATION FUND	03
6. COMPENSATION	03

## 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, Limassol, 3045, 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 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. PRECONDITIONS FOR THE INITIATION OF THE COMPENSATION FUND

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 three national newspapers, to the covered Clients 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

## 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 maximum amount to be compensated to the claimant is 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)