



**CIF License no. 303/16**

*Regulated by the Cyprus Securities & Exchange Commission*

# **INVESTOR COMPENSATION FUND**

V1.2

## 1. **General**

Rynat Trading Ltd (hereinafter, the “Company”) is a member of the Investor Compensation Fund (“ICF”) for the Clients of Cyprus Investment Firms (“CIFs”), under the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law 87(I)/2017, as subsequently amended from time to time (“the Law”).

## 2. **Objective**

The objective of the ICF is to secure claims of the covered Clients against members of the ICF, through the payment of compensation for their claims arising from the Covered Services provided by its members , so long as failure by the member of the ICF to fulfil its obligations has been ascertained.

The following constitutes failure by the Company, in accordance with the applicable legal and contractual conditions :

- (a) to repay the funds owed to Covered Clients or belonging to them and held on their behalf in connection with investment operations; or
- (b) to return to the Covered Clients any financial instruments belonging to them and managed or administered on their behalf in connection with investment operations.

## 3. **Covered Services**

Covered services of the Company are the Investment and Ancillary Services that the Company is authorized by the Cyprus Securities and Exchange Commission to provide.

## 4. **Covered Clients**

The ICF covers Retail Clients of the Company. It does not cover Professional Clients and Eligible Counterparties. For more information, please see paragraph 5 below.

## 5. **Non-Covered Clients**

5.1 The ICF shall pay no compensation to individuals against whom criminal proceedings under the provisions of the Prevention and Suppression of the Legalization of Proceeds from Criminal Activities Law of 2007 as amended or replaced, are pending.

5.2 Under Applicable Regulations, the ICF does not compensate the following investor categories:

- (a) The following categories of institutional and professional investors:
  - Investment Firms (IFs).

- Legal entities associated with the Company and, in general, belonging to the same group of companies.
- Banks.
- Cooperative credit institutions.
- Insurance companies.
- Collective investment organizations in transferable securities and their management companies.
- Social insurance institutions and funds.
- Investors characterized by the Company as professionals, upon their request.

(b) Supranational institutions, government and central administrative authorities.

(c) Provincial, regional, local and municipal authorities.

(d) Enterprises that have close ties with the Company.

(e) Managerial and administrative staff of the Company.

(f) 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 its 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 qualified auditors.

(g) Investors having in enterprises connected with the Company and, in general, of the group of companies, to which the Company belongs, positions or duties corresponding to the ones listed in sub-paragraphs (e) and (f) of this paragraph.

(h) Up to second-degree relatives and spouses of the persons listed in sub-paragraphs (e), (f) and (g) of this paragraph as well as third parties acting for the account of these persons.

(i) Investors-Clients of the Company responsible for facts pertaining to the Company 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, 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.

5.3 In the cases of sub-paragraphs (e), (f), (g) and (g) of paragraph 5.2., 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 Process**

- 6.1. The ICF shall initiate the compensation payment procedure when:
  - (a) CySEC has determined that a member appears for the time being, for reason directly related to its financial circumstances, is unable to meet its obligations arising out of investors' claims and has no early prospect of being able to do so.
  - (b) A Court of the Republic, has made a ruling, for reasons directly related to a member financial circumstances, which has the effect of suspending investors' ability to make claims against it.
- 6.2. CySEC shall issue its decision for the initiation of the compensation payment procedure by the ICF within a reasonable time and publish the relevant information on its website.
- 6.3. Upon the commencement of the compensation payment process, the ICF shall publish, in at least two (2) newspapers of national coverage, an invitation to the covered Clients to submit applications for compensation, designating the procedure for the submission of the said applications, the deadline for their submission as well as their content.
- 6.4. The payment of compensation by the ICF shall entail the following:
  - (a) the initiation of the compensation payment procedure;
  - (b) the existence of a valid claim by a covered client against the Company, which derives from an investment operation;
  - (c) the submission of an application form issued by the ICF;
  - (d) the claims do not arise from transactions for which there has been a criminal conviction for money laundering and/or there are no pending criminal proceedings against the covered client as defined in the Prevention and Suppression of Money Laundering Activities Law of 2007 and as amended.
  - (e) The right of a Covered Client has not been extinguished under the Limitation of Offenses Act.
- 6.5. The Administrative Committee shall:
  - (a) examine the applications before and decide whether the conditions of paragraph 6.3 above are fulfilled or not.
  - (b) reject the application if the claimant has used false or misleading means in order to secure the payment of the compensation.
  - (c) shall take into account the recommendations of the designated experts when examining the applications.
- 6.6. Upon completion of the compensation payment procedure, the ICF shall:
  - (a) Issue a decision listing the clients of the Fund member, determining the amount of money each one of them is entitled to receive, and communicate it to CySEC and the Company

- within five (5) working days from its issue; The said decision shall also include the clients to whom no compensation shall be paid and the reasons for this;
- (b) Communicate to each affected client its decision the soonest possible from its issue.

## **7. Amount of Compensation Payable**

- 7.1 The amount of the claim of a Covered Client shall be calculated based on legal and contractual conditions, in particular those relating to offsetting and counterclaims, that are applicable to the assessment on the date of the initiation of the compensation payment procedure of the amount of the funds or value determined with reference to the market value, where possible, of the financial instruments belonging to the covered client and which such funds or instruments, the Fund member fails to repay or return, respectively.
- 7.2 The maximum amount of compensation payable shall be either the 90% of the cumulative covered claims of the covered client or the amount of EUR 20,000, whichever is lower. 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 and regardless of the number of accounts of which it is the beneficiary, the currency and place where the said services are provided within the European Union.