

COLMEX PRO LTD

INVESTOR COMPENSATION FUND

This document on Investor Compensation Fund is effective from 29 October 2021 and shall remain effective until a newer version is provided. Colmex Pro Ltd maintains the right to change and/or update this document at any time



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1. Introduction

Colmex Pro Ltd (hereinafter called the “Company”) is an Investment Firm regulated by the Cyprus Securities and Exchange Commission (license number 123/10). The Company is a member of the Investor Compensation Fund (the “ICF”) for the Clients of the Cyprus Investment Firms (CIFs), pursuant to section 17 under the provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law 87(I)/2017 (hereinafter the “Law”). It is a legal obligation for CIFs and other IFs, which are not banks, to subscribe to the Fund. Any compensation provided to clients by the Fund shall be defined as the lower of 90% of the cumulative covered claims of the covered client and €20.000 as per the Directive DI87-07 of Cyprus Securities and Exchange Commission. The said coverage applies to the total amount of claims by an applicant against an ICF member, irrespective of the number of accounts, the currency and the place of provision of the service. This applies to clients’ aggregate claims against any CIF or other IF.

2. Purpose & Object of the Fund

The purpose of the ICF is to secure the claims of covered clients against the ICF members (i.e: Colmex Pro Ltd) through the payment of compensation if the necessary preconditions are fulfilled. All non-professional investor-client of an ICF member who is covered by the ICF for claims against such member, arising out of the covered services provided by the member, may apply for compensation. The applicant may be natural or legal persons, or a union of persons or a group of assets devoid of legal personality. Applicants need not be Cypriot citizens. Foreigners residing in Cyprus, as well as Cypriots or foreigners residing abroad, may also apply.

The Fund shall provide coverage for the claims, which applies for the total claims of the covered client against a Fund member and shall be defined as the lower of 90% of the cumulative covered claims of the covered client and €20.000.

Object of the Fund

The object of the Fund is to secure the claims of the covered Clients against the Company, in cases where the Company is unable (fails) to meet any of its obligations that arise as a result of the provision of investment and/or ancillary services and where the Company's financial position is unlikely to change in the foreseeable future, 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 fulfill its obligations has been ascertained.

Failure denotes the inability of the Company:

- a) either to 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, in exercising their relevant right; 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 circumstances where the Company is responsible for the administrative management of the said financial instruments.

A member of the Fund should submit to the Fund or to CySEC a written statement declaring its failure to fulfill its obligations toward its clients:

- i. If the member of the Fund files an application for liquidation;



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- ii. CySEC has revoked or suspended the member's authorization to provide investment services and ascertains that the member of the Fund is not expected to be in a position to fulfill its obligations toward its clients in the near future, for reasons which do not concern a temporary lack of liquidity which can be dealt with immediately.

CySEC may request by the member of the Fund to set out its views within a short deadline so fixed, which cannot be less than three (3) working days from the date of the invitation to set out such views. The payment of compensation by the Fund to the Clients of its members is subject to the existence of a well-founded claim by the Client against the member of the Fund.

3. Covered Services

The covered services are the investment and ancillary services offered by the Company to its clients as these are listed on its authorization and can be found on the website of CySEC at www.cysec.gov.cy.

4. Covered clients

ICF covers Retail Clients of the Company. It does **not** cover Professional Clients and Eligible Counterparties the definitions of Professional Clients and Eligible Counterparties can be found in the Client Categorization policy accessed on the Company's website.

The Fund covers all Clients of the Company, **always in relation to the above-named investment and ancillary services offered by the Company, as and if applicable**, except those who are included in the following categories of investors:

- I. The following categories of institutional and professional investors:
 - a. Investment Firms;
 - 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 Organizations in Transferable Securities (UCITS) and their Management Companies (ManCOs);
 - g. Social Insurance Institutions and Funds;
 - h. Investors characterized by the Company as professionals, upon their request;
- II. States and Supranational Organizations;
- III. Central, Federal, Confederate, Regional and Local Administrative Authorities;
- IV. Enterprises Associated with the Company. Associated Enterprises means Undertakings belonging to the same Group as well as natural persons who directly or indirectly control that Legal Entity/Person or its Parent Company, holding a minimum percentage of 20% of the share capital or voting rights
- V. Managerial and Administrative staff of the Company
- VI. 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 its Qualified Auditors;



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- VII. 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 points *I(e)* and *I(f)* above herein;
- VIII. Second-degree relatives and spouses of the Legal Persons/Entities listed in points *I(e)* and *I(f)* and *I(g)* above herein, as well as third parties acting for the account of these persons;
- IX. 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 L188(I)/2007 as in force and/or as this may be amended from time to time, or Clients responsible for the financial difficulties of the Company or who have contributed to the worsening of the Company's financial situation or who have profited from these facts
- X. 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;
- XI. In the cases of points *I(e)* and *I(f)* and *I(g)* and *I(h)* above herein, the Fund suspends the payment of compensation informing the interested parties accordingly, until it reaches a final decision as to whether such cases apply.

COMPENSATION AMOUNT FORMALITIES

The valuation of the financial instruments pertaining to the compensation payable to the covered client is carried out based on their value at the day:

- a. of publication of a court ruling which has the effect of the suspending the investors ability to lodge claims against it based on reasonable grounds directly related to the financial circumstances of the Company which has subscribed to the Fund;
- b. of publication of the decision of the CySEC that an IF, which has subscribed to the Fund, is unable to meet such of its duties as arise from its Clients' 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 which no realistic prospect of improvement in the near future seems foreseeable.

The ICF designates at least one qualified accountant and at least one advocate, with knowledge on capital market issues, who evaluate the applications submitted to the ICF and recommend to the ICF's Administrative Committee their acceptance in total or in part or their rejection.

In case of disagreement between these persons, each one of them submits a separate recommendation. The remuneration of the persons is agreed between the Fund and these persons and burdens the member of the Fund, and, if necessary, is paid by the Fund. The persons in order to evaluate the applications:

- ask from the member of the Fund to express its opinion about the grounds of the claims alleged by the claimants and, in case of doubt, to present the relevant supporting documents;
- evaluate, based on the information they have, the applications, determining the amount of the compensation for each claimant.

The persons have full access to the books kept by the member of the Fund, in order to accomplish their work, and they are obliged to exhibit confidentiality against any third party as to the information coming to their knowledge in the exercise of their duties provided that the said obligation of confidentiality is disregarded in order to render possible the exercise of their duties. To ascertain the claims of an applicant against an ICF member, as well as any counterclaims of the member, the books kept and the particulars issued by the ICF member as well as the supporting evidence produced by the applicant are taken into consideration. The amount of the compensation payable to each covered client is calculated in accordance with the legal and contractual terms governing the relationship of the covered client with the ICF member, subject to the set-off rules which apply for the calculation of the claims between the covered client and the ICF member.



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The calculation of the payable compensation derives from the sum of 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 the Client is a beneficiary, the currency and place of provision of these services.

The coverage for the claims of the covered client shall be defined as the lower of 90% of the cumulative covered claims of the covered client and €20.000.

Insofar as a member of the ICF provides services to its clients through a branch situated in a third country, the amount of the maximum compensation payable to the clients of the said branch is equal, per client, to the lump sum paid by any investor compensation scheme in operation in the said third country, however, such amount cannot, exceed the lower of 90% of the cumulative covered claims of the covered client and €20.000.

If no investor compensation scheme is in operation in the third country, the maximum amount of payable compensation per client of the branch is equal to an amount corresponding to three thousand four hundred and seventeen EUR (€3.417). This amount is determined in the currency of the said third country at the beginning of operation of the branch and is readjusted on January 1st of every second calendar year following the year during which it was previously determined, based on the average exchange rate as determined by the Central Bank of Cyprus for the currency pertaining to the said country on December 31st of the immediately preceding year.

Upon completion of the valuation, the Fund:

- a. issues minutes listing the Clients of the Company who are entitled to compensation, along with the amount of money each one of them is entitled to receive and communicates it to the CySEC and the Company within five working days from its issue, and
- b. communicates to each affected Client its finding, no later than fifteen days from the issue of the minutes, determining the total compensation amount this Client is entitled to receive.

The ICF is obliged to pay the compensation to each covered client-applicant within three months from sending to the CySEC the minutes listing the compensation beneficiaries. 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 to the Fund.

The claimant, to whom the Fund communicates the total compensation amount to which he is entitled, in case he/she disagrees with the Fund's decision, has the right ***within ten (10) days*** from the communication of the decision to appeal to the Cyprus Securities and Exchange Commission, justifying sufficiently his/her alleged claim.

The CySEC, in order to ensure that the provisions of the legislation in force in the Republic of Cyprus are fulfilled during the examination of the applications and the calculation of the amount of the corresponding compensation per covered client, may:

- a. request from the Fund, the Company and the claimant to produce information and particulars,
- b. run the investigations required, implementing the relevant provision of the Cyprus Securities and Exchange Commission (Establishment and Responsibilities) Laws.

The CySEC, in as long as it finds errors or inaccuracies as to the evaluation by the Fund of the applications for the payment of compensation and the fixing of the compensation for each claimant, taking into consideration any memos submitted to it by claimants, may demand from the Fund to correct the payable compensations with a decision communicated to the Fund within forty-five days from the communication to it of the minutes of the compensation beneficiaries.



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PRECONDITIONS FOR THE INITIATION OF THE COMPENSATION PAYMENT PROCEDURE BY THE FUND

The Fund initiates the compensation payment procedure when at least one of the following preconditions is fulfilled:

- a. the CySEC has determined by Resolution that the Company is unable to meet such of its duties as arise from its investors-Clients' claims, in connection with the covered services it has provided, as long as such inability is directly related to the Company'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 Company, made a ruling which has the effect of suspending the Clients' ability to lodge claims against the Company.

Upon issuance of a decision by the CySEC or by the Court in accordance with points (a) or (b) above respectively, on the commencement of the compensation payment procedure, the Fund publishes in at least three national newspapers an invitation to the covered Clients to make their claims against the Company arising from covered services, designating the procedure for the submission of the relevant applications, the deadline for their submission and their content.

When can applications be lodged?!

In all cases and provided one of the preconditions mentioned in sub-paragraph (1) of Paragraph 3 of the Directive is fulfilled, the claims must arise out of the investment services provided by the ICF members or the ancillary service of paragraph (1) of Part II of the Third Schedule of the Law, including the clients of branches of ICF members established in Member States. The ICF may also compensate investors to whom investment services or the ancillary service of paragraph (1) of Part II of the Third Schedule of the Law are provided, either through a branch of an ICF member which, albeit not established within the territory of the Republic, has a place of business therein and has subscribed to the ICF, or through an ICF member which, albeit having no place of business in the Republic, nevertheless provides the said services therein on a cross-border basis. The ICF does not cover the applicants set out in the Second Schedule of the Directive, as well as applicants who may be covered but who apply to the ICF for compensation, in respect of claims against an ICF member who was a member of the ICF in relation to the covered services, after one year from the loss of membership status has elapsed. Furthermore, the ICF pays no compensation in respect of claims arising out of transactions involving individuals, convicted of a criminal offence for the said transactions, pursuant to the Prevention and Suppression of the Legalisation of Proceeds from Illegal Activities Law of 2007 as in force and/or as this may be amended from time to time.

When is the compensation payment process initiated and what is the procedure followed?!

Within a reasonable timeframe upon CySEC ascertaining either that an ICF member cannot fulfill its obligations arising out of clients' claims or, following a court ruling, issued on grounds of the financial situation of an ICF member, which has the effect of suspending the ability of the clients of the ICF member to lodge claims against the said member for the satisfaction of their claims, then CySEC issues a decision to initiate the compensation payment process by the ICF. Before reaching such decision, CySEC may invite the member of the ICF to set out its views within a short deadline, which cannot be less than three working days from such invitation. CySEC may, on certain conditions, extend by up to three (3) months the issue of the decision to initiate the compensation payment process by the ICF.

Publications by CySEC

CySEC publishes the information relating to its decision in the Official Gazette of the Republic and on its website. Following the decision to initiate the compensation payment process, the ICF publishes, in at least three newspapers of national coverage, an invitation to covered clients to submit their claims against the ICF member in respect of the covered services, designating the procedure for submitting the relevant applications,



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the deadline for the submission (being not less than five months and not greater than nine months from the publications) and their content, as provided in more detail in Part V of the Directive.

Upon issuance of a decision by the Court or by CySEC, on the commencement of the compensation payment process, the Fund publishes in at least three newspapers of national coverage, an invitation to the covered clients to make their claims against the member of the Fund arising from covered services, designating the procedure for the submission of the relevant applications, the deadline for their submission and their content. The publication contains at least:

- the name and address of the headquarters of the member of the Fund, to whom the covered client compensation process has been activated through the Fund;
- the deadline for the submission of compensation applications, which cannot be less than five months and greater than nine months from the last publication;
- the mode and address of submission of applications;
- the address at which investors may be informed about the exact content of the applications to be submitted, and get the relevant form provided by the Fund.

In exceptional cases, followed by an announcement published in at least three newspapers of national coverage, the ICF may extend the deadline for the submission of compensation applications by up to three months. Compensation applications must include -

- the applicant's name;
- the applicant's address, telephone and fax numbers, and email address, if any;
- the applicant's client code with the ICF member;
- the particulars of the covered services agreement between the ICF member and the applicant;
- the type and amount of the alleged claims; and
- evidence giving rise to the alleged claims and their amount.

The ICF may request additional information through a relevant publication in at least three newspapers of national coverage and the Official Gazette of the Republic.

How to submit an application to the Fund

An application to the ICF may be submitted in one of the following two ways:

By filling in the online application form which can be found on the website of CySEC at <http://www.cysec.gov.cy/en-GB/complaints/tae/application/> ;

By submitting a simple letter to the offices of the ICF, accompanied by all supporting evidence.

The letter/application may:

- be sent by post to the following address:
 - Investor Compensation ICF for IF Clients, 19 Diagorou Str., 1097 Nicosia, Cyprus.
- be delivered by hand to the offices of the ICF, at the following address:
 - Investor Compensation ICF for IF Clients, 19 Diagorou Str., 1097 Nicosia, Cyprus.

When submitting an application to the Fund, make sure to include at least the following information:

Particulars of the applicant (name, address, Identity Card / Passport No., telephone and fax numbers and email address).

- The name of the ICF member against which the application is submitted and the client code and/or the applicant's investment account Number.
- Copy of the covered services agreement between the ICF member and the applicant.



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- The type and amount of alleged claims by the applicant.
- The exposition of the particulars from which the alleged claims of the claimant and their amount are derived.
- Copy of the statement of account from the transactions platform that you used.
- Copy of the statement of deposits and withdrawals from the account held with the ICF member.
- Copies of documents that prove the applicants deposits to the ICF member (e.g. swift transfers, deposit orders, debit advice etc).
- Description of the facts and evidence giving rise to the alleged claims by the applicant and the amount of such claims with specific references to actions or omissions of the ICF member.
- Any other evidence or supporting documents to demonstrate that the applicant is entitled to apply for compensation.
- Reference and copies of any correspondence with the ICF member concerned.
- Written confirmation that the information included in the application/letter as well as all the documents accompanied it are correct and true.

The Fund 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, 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 Fund.

Interruption of deadline for submission of applications

In case a covered client, not being its fault, was neither informed about the invitation to submit compensation applications nor in a position to submit within the deadline this application, the deadline is interrupted provided that an interruption of the deadline arises in case of an event of force majeure, as long as it has been proved that it prevented the keeping of the deadline for the submission of compensation applications or the collection and submission of the required information. Indications that the covered client has an impediment for which he is not responsible, and which forms a reason for the interruption of the deadline for the submission of a compensation application include especially:

- proved absence of the covered client abroad for a period which includes at least half of the deadline for the submission of a timely application;
- illness confirmed by a doctor that it forms a serious impediment for the submission of an application for a period which includes at least half of the deadline for the submission of a timely application; or
- his/her stay in a correctional institution for a period which includes at least half of the deadline for the submission of a timely application.

A covered client who submits an application 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.

Decision-making of the Administrative Committee on submitted applications

Upon submission of an application by a claimant the Administrative Committee has control especially if:

- the claimant falls within the category of covered clients;
- the application was timely submitted;
- the conditions of legislation and of this Policy for the valid submission of compensation applications are fulfilled.



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The Administrative Committee rejects the application in case the claimant does not fulfil the above conditions or, if at the Administrative Committee's discretion, at least one of the following reasons exists:

- The claimant used fraudulent means in order to secure the payment of compensation by the Fund, especially if it knowingly submitted false evidence;
- the damage suffered by the claimant substantially derived from concurrent negligence or offence on its behalf in relation to the damage it suffered and to its underlying cause.

The Administrative Committee during the examination of the applications takes into consideration the recommendations of the persons and decides on the applications submitted to the Fund determining the amount of the compensations for each covered client-claimant.

Deadline and procedure relating to the payment of compensation

The Fund is obliged to pay to each covered client-claimant the compensation within three months from sending to CySEC the minutes with the compensation beneficiaries.

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 to the Fund.

Every compensation payable to a covered client burdens initially the property of the Fund corresponding to the individual shares of its members and then the assets of the fixed reserve.

Effects of payment of compensation

The payment of any compensation by the Fund entails ipso jure (i.e., by the law itself) subrogation of the Fund to the rights of the compensated covered client-claimant against the member of the Fund for an amount equal to the compensation payable to it.

Before submitting any application to the ICF, applicants should study the relevant provisions of the Law and the Directive. The existence of a valid claim by the applicant is a basic precondition for receiving the compensation.

Finally, the ICF may demand from any applicant to whom compensation was paid to return such compensation, if it establishes a posteriori (relating to or derived by reasoning from observed facts) that there was a reason to reject the application in accordance with the provisions of the Directive.

COMMUNICATING WITH THE COMPANY

Queries and/or questions regarding the Fund should always be addressed in writing to Colmex Pro Limited FAO of the CS Department.

For any further information regarding the Fund, please contact us at:

Colmex Pro Limited

FAO of the CSU Department

Address: 117 Makariou III Avenue & Sissifou (ex Lefkosias-Limnazousas) Street, Quarter of Apostoloi Petrou & Pavlou, 3021 Limassol, Cyprus

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COMMUNICATING WITH THE FUND

For the offices of the Administrative Committee of the Fund, at the following address:
Administrative Committee of the Investor Compensation Fund for Clients of CIFs and other IFs
Address: Investor Compensation ICF for IF Clients, 19 Diagorou Str., 1097 Nicosia, Cyprus.
Phone: 00357 22 506 600
Fax: 00357 22 506 700
E-mail: tae@cysec.gov.cy

Annual Review/Update of this Policy

The Company reserves the right to amend its policies at any time by making them public on its official website. Policies shall be reviewed/amended annually and/or as and when it is deemed necessary by Regulatory Authorities and the Compliance Officer and further approved by the Board of Directors. The client consents and agrees that the latest versions of any of the Documentation and/or Policies published on the Company's official website shall prevail. Additional information and/or clarifications in relation to this policy and/or this document is available upon explicit written request. Should a Client and/or prospective client has further questions in relation to conflicts of interest he/she may direct his/her questions to the Company's CS Department via e-mail at: support@colmexpro.com .



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