

INVESTOR COMPENSATION FUND

1. Introduction

Colmex Pro Ltd (hereinafter called the **"Company"**, **"Colmex Pro"** or **"Fund Member"**) is an Investment Firm regulated by the Cyprus Securities and Exchange Commission (hereinafter called the **"CySEC"**), with license number 123/10. The Company is a member of the Investor Compensation Fund (the **"ICF"** or **"Fund"**) 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"**) and Directive D187-07 of Cyprus Securities and Exchange Commission.

1.1. Objective

The Investor Compensation Fund (ICF) is established to secure the claims of covered clients against the Company in case the Company is unable to meet its obligations arising from the provision of investment and/or ancillary services. If the financial position of the member is unlikely to improve in the foreseeable future, the ICF ensures compensation is paid to eligible clients, provided that the member's failure to fulfill its obligations has been ascertained. This mechanism primarily protects non-professional investor clients, allowing them to claim compensation for losses related to the covered services provided by the ICF member.

2. Covered clients

ICF covers retail clients of the Company, provided that there are no pending criminal proceedings against the said covered client for money laundering as defined in the Prevention and Suppression of Money Laundering Activities Law of 2007 and provided that the right of a covered client has not been extinguished under the Limitation of Offenses Act. Institutional Investors and Professional Clients should not be covered as per paragraph 4 below.

3. Covered Claims

The Company's inability to meet its commitments to a covered client includes the following, in accordance with the contractual and legal conditions applicable:

- 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 covered clients any financial instruments belonging to them and held, managed or administered on their behalf in connection with investment operations.

4. Non-Covered Clients

Subject to the provisions of applicable regulations, the Fund shall not compensate the following institutional and professional investor categories:

- A. The following categories of institutional and professional investors:
 - i. Investment Firms;
 - ii. Legal Entities associated with the Company and, in general, belong to the same Group of Companies;



- iii. Banks;
- iv. Cooperative Credit Institutions;
- v. Insurance Companies;
- vi. Collective Investment Undertakings in Transferable Securities (UCITS) and their Management Companies (ManCOs);
- vii. Social Insurance Institutions and Funds;
- viii. 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. Central, Federal, Confederate, Regional and Local Administrative Authorities;
- E. 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;
- F. Managerial and Administrative staff of the Company;
- G. 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;
- H. 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 **F** and **G** above herein;
- I. Second-degree relatives and spouses of the Legal Persons/Entities listed in points **F, G and H** above herein, as well as third parties acting for the account of these persons;
- J. 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;
- K. Other firms in the same group;
- L. 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;
- M. In the cases of points, **F, G, H and I** 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.

5. Covered Services

The covered services are the investment and ancillary services offered by the Company to its clients as these are listed on its authorisation and can be found on the website of CySEC [here](#).

6. Initiation of the Compensation Payment Procedure

The Fund shall initiate the compensation payment procedure in the following cases:

- a) The Commission determines that a member, due to its financial circumstances, appears unable to fulfill its obligations arising from investors' claims and is unlikely to do so in the near future.



- b) A Court of the Republic issues a ruling, based on the member's financial circumstances, that results in the suspension of investors' ability to submit claims against it.
- c) The Commission shall decide on the initiation of the compensation payment procedure by the Fund within a reasonable timeframe and publish the relevant information on its website.

7. Determination of the amount of compensation payable

- 7.1.** The calculation of the compensation payable shall be based on the sum of the total established claims of the covered client against the Company. This applies to all covered services provided by the Company, irrespective of the number of accounts held by the client, the currency in which they are denominated, and the location of service provision within the European Union.
- 7.2.** The Fund shall provide coverage for the claims outlined in paragraph 3, with the total compensation per covered client against a Fund member being the lower of either 90% of the cumulative covered claims or €20,000.
- 7.3.** In the cases of joint investment business:
- a) When determining the coverage specified in subparagraph (2), the portion attributable to each covered investor shall be considered.
 - b) Unless otherwise specified, claims shall be equally distributed among covered investors. Subject to paragraph (c), each investor is entitled to separate coverage under subparagraph (2).
 - c) Claims related to joint investment business involving two or more individuals as members of a partnership, association, or similar grouping without legal personality shall be aggregated and treated as if originating from a single investor when calculating the coverage in subparagraph (2).
- 7.4.** Where a covered client is not the ultimate beneficiary of the funds or financial instruments held by the member:
- a) Compensation shall be paid to the ultimate beneficiary if their identity is or can be determined before the date of the decision or ruling referred to in paragraph 6.
 - b) If there are multiple ultimate beneficiaries, their respective shares shall be considered in the calculation of coverage based on the agreements governing the management of the funds or financial instruments.
- This provision does not apply to undertakings for collective investments.
- 7.5.** Compensation shall be paid in Euro. If the funds or financial instruments are denominated in a currency other than the Euro, the exchange reference rate set by the European Central Bank at the end of the day when the compensation payment process was activated shall be used.

8. Announcement of Fund's decision

- 8.1.** Upon completing the procedure before the Administrative Committee, the Fund shall:
- a) Issue a decision listing the clients of the Fund member, specifying the amount each client is entitled to receive, and communicating this decision to the Commission and the Fund member within five working days of its issuance.
- The decision shall also include a list of clients who will not receive compensation, along with the reasons for this determination.
- b) Notify each affected client of its decision as soon as possible after its issuance.



- 8.2.** A claimant who receives the Fund’s decision and disagrees with it may submit a written objection to the Commission within one month from the date of notification, providing sufficient justification for the objection. The objection should be sent to info@cysec.gov.cy with the subject line: “Objection to the decision of the ICF.”
- 8.3.** In reviewing an objection, the Commission may:
- a) Request information and supporting details from the Fund, the Fund member, and/or the claimant.
 - b) Conduct an independent investigation.
- 8.4.** The Commission must complete its review of the objection within forty-five (45) days. If it identifies an error in the Fund’s evaluation, it shall instruct the Fund in writing to promptly correct the mistake, ensure the claimant receives the appropriate amount, and inform the affected client accordingly.

9. Deadline and Procedure for Compensation Payment

- 9.1.** The Fund shall disburse the compensation owed to each covered client or claimant within three months from the date the decision is communicated to the covered client.
- 9.2.** The compensation payment shall be deposited into a bank account designated by the covered client.
- 9.3.** In exceptional and justified cases, the Fund may request an extension of the deadline set in subparagraph (1) from the Commission.
Any such extension shall not exceed three months.

