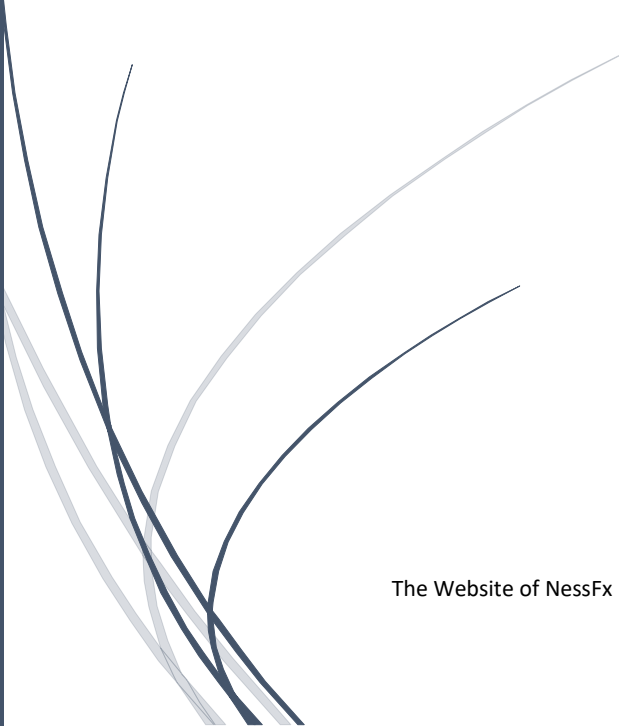


The logo consists of the word "NESSFX" in white, uppercase, sans-serif font, centered within a blue arrow-shaped graphic pointing to the right. This arrow is part of a larger blue horizontal bar that extends from the left edge of the slide.

NESSFX

# Investor Compensation Fund (ICF) Scheme

Several thin, curved lines in shades of blue and grey originate from the bottom left corner and sweep upwards and to the right, creating a sense of movement and design.

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The Company's official language is the English language. Any other language translation of this Agreement is for informational purposes only and does not bind the Company or have any legal effect whatsoever, the Company having no responsibility or liability regarding the correctness of the information therein.

In case of any contradiction between the English and any other language version, the English version shall prevail.

# 1. Introduction

- 1.1 The Website of NessFx is owned and operated by FXNET Limited. FXNET Limited (hereinafter referred to as 'FxNet', the 'Company', the 'Firm', 'us', 'our') is a Cypriot Investment Firm (CIF) which is authorized and regulated by the Cyprus Securities and Exchange Commission ("CySEC"), under license number 182/12, incorporated and registered under the laws of the Republic of Cyprus (Certificate of Incorporation No. 300624), registered office at 4 Theklas Lysiotti St, Harmony House, Office 31, 3rd floor, 3030 Limassol, Cyprus. The Company is a member of the Investor Compensation Fund for the Clients of Cyprus Investment Firms ("CIFs"), under the Investment Services and Activities and Regulated Markets Law 87(I)/2017, as subsequently amended from time to time ("the Law") and Directive DI87-07 for the operation of the ICF.

# 2. Scope

- 2.1 The main purpose of the Investor Compensation Fund (the 'ICF') for the Clients of Cypriot Investment Firms is to secure the claims of the 'Covered Clients' against Cypriot Investment Firms, in situations where the latter is unable to meet such of its duties as arise from its Clients' claims in connection with the investment services or the ancillary services it has provided, as long as such inability is directly related to its financial circumstances in respect of which no realistic improvement in the near future seems foreseeable.
- 2.2 The ICF compensates the covered Clients for 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, in accordance with the terms and procedure defined in the Law, notwithstanding a relevant obligation by the member of the ICF in accordance with the legislation and the terms which govern its agreement with the covered Client and regardless of whether the said obligation of the member of the ICF is based on the agreement or on wrongdoing.
- 2.2.1 The ICF shall compensate the Company's covered Clients as to the covered investment services and ancillary services offered by the Company as these are listed below and on its authorization, which can be found in the website of the Cyprus Securities and Exchange Commission at: <https://www.cysec.gov.cy/en-GB/entities/investment-firms/cypriot/37671/>
- (a) Reception and transmission of orders in relation to one or more of the Financial Instruments.
  - (b) Execution of orders on behalf of Clients.
  - (c) Dealing on Own Account
  - (d) Portfolio Management
  - (e) Provision of Investment Advice
- 2.2.2 And the following Ancillary Services:

- (a) Safekeeping and administration of Financial Instruments for the account of Clients, including custodianship and related services such as cash/collateral management.
- (b) Granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction
- (c) Foreign exchange services where these are connected to the provision of investment services
- (d) Investment research and financial analysis or other forms.

## 3. Application

- 3.1 The Fund compensates the Covered Clients for claims arising from the Covered Services provided by its members, so long as failure by the member to fulfil its obligations has been ascertained. Failure by a member to fulfil its obligations consists of its failure:
- Either to return to its covered Clients funds owed to them or funds which belong to them but are held by the member, directly or indirectly, in the framework of the provision by the said member to the said Clients of covered services, and which the latter requested the member to return, in exercise of their relevant right;
  - Or to hand over the covered Clients' financial instruments which belong to them and which the member of the Funds holds, manages or keeps on their account, including the case where the member is responsible for the administrative management of the said financial instruments.

## 4. The Management of IFC

- 4.1 In accordance with the Law, the management of the ICF, which includes their administration and representation, is exercised by an Administrative Committee consisting of five members, who must be of acknowledged authority and morals and have the necessary knowledge on financial or accounting or bank issues or issues of the capital market to discharge their duty.

## 5. Covered Clients

- 5.1 The ICF covers Retail Clients of the Company. It does not cover Clients categorized as Professional, Elective Professional and Eligible Counterparties.
- 5.2 Additionally, the legal framework provides that persons who are subject to an ongoing criminal investigation in accordance with the provisions of Prevention and Suppression of Money laundering and Terrorist Activities Law of 2007 - 2021, are not eligible to receive any compensation.
- 5.3 Subject of provisions of subsection (2) of Paragraph 3 of the Directive, the ICF does not compensate the following investor categories:
- 1) Credit Institutions;
  - 2) IFs;
  - 3) Other authorized or regulated financial institutions;
  - 4) Insurance undertakings;
  - 5) Collective investment schemes and management companies of such schemes;

- 6) Pension funds and management companies of such funds;
- 7) Commodity and commodity derivatives dealers;
- 8) Locals;
- 9) Other institutional investors;
- 10) Large undertakings meeting TWO of the following size requirements, on a proportional basis:  
Balance sheet total at least 20 000 000 euro  
Net turnover at least 40 000 000 euro  
Own funds at least 2 000 000 euro
- 11) National and regional governments, public bodies that manage public debt, central banks, international and supranational institutions such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organizations;
- 12) Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitization of assets or other financing transactions;
- 13) Administrative officers and directors of Ifs and persons closely linked;
- 14) Undertakings connected to any IF which has become insolvent.
- 15) Legal entities associated with the Company and, in general, belonging to the same group of companies.
- 16) Banks.
- 17) Investors characterized by the Company as professionals, upon their request.
- 18) States and supranational organizations.
- 19) Enterprises associated with the Company.
- 20) 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.
- 21) Investors having in enterprises connected with the Company and, in general, of the group of companies, to which the Company belongs (as applicable), positions or duties corresponding to the ones listed in sub-paragraphs (5) and (6) of this paragraph.
- 22) Second-degree relatives and spouses of the persons listed in sub-paragraphs (5), (6) and (7) of this paragraph as well as third parties acting for the account of these persons.
- 23) Apart from investors convicted of a criminal offence pursuant to the Prevention and Suppression of Money laundering and Terrorist Financing Activities Law of 2007 - 2021, 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.
- 24) Other firms in the same group.
- 25) 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.

## 6. Covered Services

- 6.1 The ICF shall compensate all Clients of any of its members established in the Republic in respect of claims arising out of the investment services they provide as well as ancillary services.
- 6.1.1 The Client may find the list of Investment and ancillary services provided by the Company in the Terms and Conditions of Use.

## 7. Amount of Compensation

- 7.1 The amount of compensation payable to each covered Client is calculated in accordance with the legal and contractual terms governing the relation of the covered Client with the Company, subject to the rules of setoff applied for the calculation of the claims between the covered Client and the Company.

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 within the European Union.

- 7.2 The maximum payable compensation to each covered Client of the Company will be, either the 90% of the cumulative covered claims of the covered investor, or the amount of €20.000, whichever is lower. Therefore coverage =  $\text{Min}(90\% \times \text{claimed amount}, €20.000)$ . 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 ( $\text{Min}(€10.000 \times 90\%, €20.000) = €9.000$ ).

- 7.3 In the case whereby beneficiaries of a joint account of the Company are in their majority covered Clients:
- a. the maximum amount payable to all co-beneficiaries of the account comes up to the amount of twenty thousand Euros (EUR 20,000); and
  - b. the claims shall be allocated equally amongst covered Clients pursuant to the provisions of paragraph 7.2 unless there exist special provisions and subject to the exceptions of point (c) of this paragraph,
  - c. the claims resulting from joint investment operation where two (2) or more persons have rights as partners of a private company, association or entity of similar nature, without legal personality, for calculation purposes pursuant to the provisions of paragraph 7.2, are consolidated and are considered as an investment of one and the same investor.

The currency in which the compensation is paid to covered Clients shall be the Euro. Where the funds and/or financial instruments are expressed in a currency other than the Euro, for purposes of calculation of the compensation amount, the exchange reference rate of the said currency against the Euro, fixed by the European Central Bank at the end of the day, shall be used.

## 8. Procedure

- 8.1 The ICF will secure the claims of Covered Clients, for claims arising from the covered services provided by the Company, when failure by the Company to fulfil its obligations has been ascertained, provided that one of the following preconditions is fulfilled:
- (a) The Cyprus Securities and Exchange Commission (the 'CySEC') has determined by resolution that the Company appears, for the time being and for reasons directly related to the Company's financial circumstances, to be unable to meet its obligations arising out of Clients' claims and has no early prospect of being able to do so.
  - (b) A court has, on reasonable grounds, directly related to the financial circumstances of the Company and issued a ruling which has the effect of suspending the Client's ability to lodge claims against the investment firm.
- 8.1.1 The following constitutes failure by the Company to fulfil its obligations:
- (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 which belong to them and which the Company holds, manages or administers on their behalf in connection with investment operations.
- 8.2 CySEC can issue such decision when at least one of the following preconditions is fulfilled:
- (a) The Company submits to the ICF or to CySEC a written statement declaring its failure to fulfil its obligations towards its Clients; or
  - (b) The Company files an application for liquidation in accordance with the provisions of Part V of the Companies Law of Cyprus; or
  - (c) CySEC has revoked or suspended the Company's authorization to provide investment services and ascertains that the Company is not expected to be in a position to fulfil 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.
- The compensation applications of covered Clients with which they make their claims against the Company are submitted to the ICF in one (1) of the following two (2) ways:
- (a) By filling in the online application form which can be found on CySEC's website, or
  - (b) By post or by hand, a compensation application (in a form of simple letter) to the offices of the ICF, accompanied by all supporting evidence, to the following address:  
Investor Compensation ICF for IF Clients, 27 Diagorou Str., 1097, Nicosia, Cyprus.
- 8.2.1 A judicial authority has, on reasonable grounds directly related to the financial circumstances of the Company, issued a ruling which has the effect of suspending the investors' ability to lodge claims against it.
- 8.3 Where a decision has been made (either by the court or CySEC) to pay compensation, the ICF shall publicize, in at least two (2) national newspapers, an invitation directed to the Covered Clients to submit any claim against the Company.
- 8.4 Each Covered Client who is willing to submit a claim against the Company shall do so in writing and directly to ICF.
- 8.5 The ICF has a right to refuse the claim if, inter alia:
- i. The Client submitted false documentation,
  - ii. The Client has suffered damage as a result of his/her own contributory negligence or as a result of an offence committed by the Client

- 8.6 The compensation applications of covered Clients with which they make their claims against the Company are submitted to the ICF in writing and must include:
- (a) The name of the claimant-Client and Identity Card/Passport No;
  - (b) The address, telephone and fax numbers as well as any email address of the claimant-Client;
  - (c) The name of the Company;
  - (d) The Client code that the claimant-Client had with the Company;
  - (e) The particulars of the covered services agreement between the ICF and the claimant-Client;
  - (f) The type and amount of the alleged claims of the claimant-Client;
  - (g) The exposition of the particulars from which the alleged claims of the claimant-Client and their amount are delivered;
  - (h) Written confirmation of the claimant-Client that the information included in the application/letter as well as all the documents accompanied it are correct and true.
  - (i) Any other information the ICF might or will request.
- 8.7 Once assessment of claims is completed, the ICF publicizes minutes which document the Clients of the Company who are eligible to receive compensation as well as the amount of money they are eligible to receive. The CySEC shall be provided with the copy of minutes within five (5) working days from the date of its publication.
- 8.8 Upon submission of the compensation applications, the Administrative Committee of the ICF has control especially if:
- (a) The claimant-Client falls within the category of covered Clients;
  - (b) The application was timely submitted;
  - (c) The claimant-Client is not convicted of a criminal offence pursuant to the Prevention and Suppression of Money laundering and Terrorist Activities Law of 2007 – 2021.
  - (d) The conditions for the valid submission of compensation applications are fulfilled.
- 8.9 The Administrative Committee rejects the compensation application in case the claimant does not fulfil the conditions referred to in paragraph above, 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 ICF, 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.
- 8.10 Each eligible Client shall be notified within fifteen (15) working days from the date of issuance of such decision, of the amount he/she is eligible to receive. The ICF issues minutes listing the Clients of the Company which are compensation beneficiaries along with the amount of money each one of them is entitled to receive, and, communicates it to CySEC and the Company within five (5) working days from its issue.