



WEALTH FUND SERVICES

Investor Compensation Fund

Wealth Fund Services Ltd («the Company») is a UCITS Management Company which is licenced and supervised by Cyprus Securities and Exchange Commission (CySEC), license Nr. MC UCITS 6/78/2012. The authorisation of the Company under section 111 of the UCI Law of 2012 covers the Investment management Functions of section 109(3) and the services of sections 109(4)(a), 109(4)(b)(i) and 109(4)(b)(ii)

Wealth Fund Services Ltd is a member of the Investor Compensation Fund (the «Fund») according to the Directive DI87-07 of 2019 of CySEC for the operation of the CIF Investor Compensation Fund. The purpose of the Fund is to pay compensation to retail investors in those cases in which the member concerned is unable to pay over Clients' assets due to its financial circumstances, and there is no realistic prospect of these circumstances improving in the near future. Failure to execute its obligations consists of:

- (a) Failure to return Clients funds owed to them or funds which are held, directly or indirectly, in the framework of the provision by the member of the Fund to the Client of a covered service and which the Client has requested that the member of the Fund returns in exercise of their relevant right
- (b) Failure to return to covered Clients financial instruments which belong to them and which the member of the Fund holds, manages or keeps on their account, including circumstances where the member of the Fund is responsible for the management of the said Financial Instruments.

Covered Services and Claims

The covered services for Wealth Fund Services Ltd are those of portfolio management and safekeeping and administration of the investment units or shares in relation to collective investment undertakings.

The Fund covers claims arising due to a member's failure –

- (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; in accordance with the legal and contractual conditions applicable.

Covered Clients

The Fund covers all the clients except for institutional and professional clients as well as the following categories:

- (1) The following categories of institutional and professional investors:
 - (a) IFs;
 - (b) legal entities associated with the Fund member and generally belonging to the same group of companies;
 - (c) banks;
 - (d) cooperative credit institutions;
 - (e) insurance companies;
 - (f) collective investment undertakings in transferable securities and their management companies;
 - (g) social insurance institutions and funds;
 - (h) investors characterized by the member as professionals upon their request, pursuant to the provisions of paragraph B of the Second Schedule of the Law.
- (2) Supranational institutions, government and central administrative authorities.
- (3) Provincial, regional, local and municipal authorities.
- (4) Enterprises that have close ties with the Fund member as the term «close ties» is construed in Article 2(1) of the Law.
- (5) Managerial and administrative staff of the Fund member
- (6) Shareholders of the Fund member whose participation directly or indirectly in the capital of the Fund member amounts to at least 5% of its share capital, or its partners who are personally liable for the obligations of the Fund member as well as persons responsible for the carrying out of the financial audit of the Fund member as provided by the Law, such as its qualified auditors.
- (7) Investors having in enterprises connected with the Fund member and, in general, with the group of companies to which the Fund member belongs, positions or duties corresponding to those listed in sub-paragraphs (5) and (6).
- (8) Up to second-degree relatives and spouses of the persons listed in sub-paragraphs (5), (6) and (7), as well as third parties acting for the account of such persons.
- (9) Investors-clients of a Fund member responsible for facts pertaining to the Fund member that have caused its financial difficulties or have contributed to the worsening of its financial situation or have profited from these facts.
- (10) Other firms in the same group.
- (11) 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.

Compensation payable - maximum amount of cover

- (1) The calculation of the compensation payable shall arise from the sum of the total established claims of the covered client against the Fund member, arising from all covered services provided by the member and regardless of the number of accounts of which it is the beneficiary, the currency and place where such services are provided within the European Union.
- (2) The Fund shall provide coverage for the claims referred to in Paragraph 19 of ICF Directive D187-07, 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.

(3) In the case of joint investment business:

(a) in the calculation of the coverage provided for in subparagraph (2), the share attributable to each covered investor shall be taken into account;

(b) the claims shall be allocated equally amongst covered investors, unless there exist special provisions, and without prejudice to section (c), each investor is provided with separate coverage pursuant to the provisions of subparagraph (2);

(c) claims relating to joint investment business to which two or more persons are entitled as members of a business partnership, association or grouping of a similar nature, which has no legal personality, shall, for the purpose of calculating the coverage provided for in subparagraph (2), be aggregated and treated as if arising from an investment made by a single investor.

(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 his identity is or may be established prior to the date of the determination or ruling referred to in paragraph 18(1) of the Directive DI87-07.

(b) if the ultimate beneficiaries are more than one, in the calculation of the coverage provided for, the share attributable to each one of them according to the arrangements regulating the management of the funds or financial instruments shall be taken into account. This section shall not apply to undertakings for collective investments.

(5) Compensation shall be paid in Euro, and, where the funds and/or financial instruments are expressed in a currency other than the Euro, the exchange reference rate of the said currency against the Euro fixed by the European Central Bank at the end of the day on which the compensation payment procedure was activated, shall be used.

Initiation of the compensation payment procedure

(1) The Fund shall initiate the compensation payment procedure when:

(a) the Commission has determined that a member appears, for the time being, for reasons directly related to its financial circumstances, to be 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.

(2) The Commission shall issue its decision for the initiation of the compensation payment procedure by the Fund within a reasonable time, and publish the relevant information on its website.

The payment of compensation by the Fund 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 Fund member, which derives from an investment operation;
- (c) the submission of an application form as prescribed in the directive D187-07
- (d) That the claims do not arise from transactions for which there has been a criminal conviction for money laundering as defined in the Prevention and Suppression of Money Laundering Activities Law of 2007;
- (e) 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;
- (f) The right of a covered client has not been extinguished under the Limitation of Offenses Act

The Administrative Committee shall examine the applications before it and decide whether the conditions of Paragraph 24 of D187-07 are fulfilled or not. The Administrative Committee shall reject the application if the claimant has used false or misleading means in order to secure the payment of the compensation. When examining the applications, the Administrative Committee shall take into account the recommendations of the persons of Paragraph 23 of D187-07.

The Fund may at any time require the covered client to return the compensation paid to it if it subsequently establishes that there has been a reason for the rejection of the application in accordance with this directive.

Upon completion of the procedure before the Administrative Committee, the Fund 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 the Commission and the Fund member within five working days from its issue; The said decision shall also list those 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.

The claimant to whom the Fund communicates its decision, may, in case of disagreement, submit an objection in writing to the Commission, within one month from the date on which the decision was notified, justifying its objection sufficiently. The objection shall be submitted at info@cysec.gov.cy and entitled "Objection to the decision of the ICF".

The Commission in the context of examining an objection may:

- (a) request from the Fund, and/or the Fund member and/or the claimant to submit information and particulars;
- (b) conduct any investigation.

The Commission, must conclude the examination of the objection within forty-five (45) days and in case that identifies an error in the evaluation carried out by the Fund, it shall request in writing from the Fund to immediately rectify the mistake and pay the claimant the correct amount, and inform the affected client accordingly. Deadline and procedure relating to the payment of compensation.

The Fund shall pay each covered client/claimant the compensation that he is entitled to, within three months from the date that the decision was communicated to the covered client.

The payment of the compensation by the Fund shall be deposited to a bank account of the covered client, as designated by the said client in writing via the form of Paragraph 22 of DI7-07.

In extraordinary and justified circumstances, the Fund may request from the Commission an extension of the deadline provided above. The said extension may not exceed three months.

The payment of any compensation by the Fund shall entail ipso jure subrogation of the Fund to the rights of the compensated covered client/claimant against the Fund member during the liquidation procedure of the said member for an amount equal to the compensation payable thereto.

You may find more details concerning the Investor Compensation Fund at the Directive DI87-07 of 2019 issued by CySEC for the continuance of operation of the CIF Investor Compensation Fund which is available at the website of CySEC.

