

# Investor compensation fund

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## 1. General

Redpine Capital Limited (hereinafter, the "Company") is a member of the Investor Compensation Fund ("ICF") for the Clients of Cyprus Investment Firms ("CIFs"), under the Investment Services and Activities and Regulated Markets Law of 2017 L. 87(I)/2017 ("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 in cases where the member concerned is unable, due to its financial circumstances and when no realistic prospect of improvement in the above circumstances in the near future seems possible. 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.

## 3. Covered Services

Covered services of the Company are the investment services of:

Reception and transmission of orders in relation to one or more of the Financial Instruments.

Execution of orders on behalf of Clients.

And the following Ancillary Service:

Safekeeping and administration of Financial Instruments for the account of Clients, including custodianship and related services such as cash/collateral management.

Granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction.

Foreign exchange services where these are connected to the provision of investment services.

Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments.

## 4. Covered Clients

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

## 5. Non-Covered Clients

- The ICF shall pay no compensation to individuals against whom criminal proceedings under the provisions of the Prevention and Suppression of Money Laundering Activities Law of 2007-2019, as amended, are pending. Under
- Applicable Regulations, the ICF does not compensate the following investor categories: 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.

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.

Supranational institutions, government and central administrative authorities.

Provincial, regional, local and municipal authorities.

Enterprises that have close ties with the Company.

Managerial and administration staff of the Company.

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.

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.

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.

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 have profited from these facts.

Other firms in the same group.

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.

- 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**

- The ICF compensates the 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 (see also paragraphs 6.2., 6.3. and 6.4. below).
- The following constitutes failure by the Company to fulfil its obligations: Either to return Client fund to its covered Clients which are held by the Company indirectly in the framework of the provision by the Company to the said Clients of covered services, and which the latter requested the Company to return, in exercise of their relevant right; or
- To return to the covered Clients financial instruments which belong to them and which the Company manages.
- The ICF initiates the compensation payment process in one of the following situations:

- a) The Cyprus Securities and Exchange Commission (CySEC) has determined, for the time being, for reasons directly related to its financial circumstances, that the Company is unable to meet its obligation arising out of investors' claim 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.
- CySEC 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. Upon initiation of the compensation payment procedures, the Fund shall publish as soon as possible in at least two (2) national newspapers, an invitation to submit applications for compensation, designating the procedure for the submission of the relevant applications, the deadline for their submission as well as their content as defined specifically in this Part.
  - The publication mentioned under section 6.4 shall include at least: the name and address of the headquarters and the trade name of the Company; the deadline for the submission of the compensation applications, which cannot be less than five months or more than nine months from the date of initiation of the compensation payment procedure, or from the date of its publication; the mode of submission of applications; and the address and/or website through which covered clients may obtain the relevant claim form provided by the Company.
  - 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:
    1. The name of the claimant-Client;
    2. The address, Identity Card / Passport No., telephone and fax numbers as well as any email address of the claimant-Client;
  - The name of the ICF member against which the application is submitted and the client code and/or the applicant's investment account No.
    1. The particulars of the covered services agreement between the ICF member and the claimant-Client;
    2. The type and amount of the alleged claims of the claimant-Client;
    3. The exposition of the particulars from which the alleged claims of the claimant-Client and their amount are delivered;
  - Any other information the ICF might or will request.
  - Upon submission of the compensation applications, the payment of compensation by the Administrative Committee of the ICF shall entail the following:
    - Initiation of the compensation payment procedures;
    - The existence of a valid claim by covered client against the Company, which derives from an investment operation;
    - The claimant-Client falls within the category of covered Clients;
    - The submission of an application form as prescribed above
  - The claims do not arise from transactions for which there has been a criminal conviction for money laundering as defined in The claimant-Client is not convicted of a criminal offence pursuant to the Prevention and Suppression of Money Laundering Activities Law of 2007-2019, as amended or replaced;
  - 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 2007-2019, as amended

- The right of a covered client has not been extinguished under the Limitation of Offences Act.
- The Administrative Committee shall examine and evaluate the applications and decide whether the conditions of Paragraph 6.7 are fulfilled or not.

The Administrative Committee shall reject the application if the claimant-client has used false or misleading means in order to secure the payment of the compensation.

- Upon completion of the valuation, the ICF:
- Issues a decision listing the Clients of the Company, determining 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. Further, the said decision shall also list those clients to whom no compensation shall be paid and the reason for this; and
- Communicates to each affected Client its decision, the soonest possible from its issue.

## 7. Amount of Compensation

- 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 customer is a beneficiary, the currency and place of provision of these services within the European Union.
- The total payable compensation which applies for the total claims of the covered clients against the Company shall be defined as the lower of 90% of the cumulative covered claims of the covered client and may not exceed the amount of twenty thousand Euros (EUR 20,000).
- In the case of joint investment business: in the calculation of the coverage provided for in subparagraph 7.2, the share attributable to each covered investor shall be taken into account; 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 7.2;

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 7.2, be aggregated and treated as if arising from an investment made by a single investor.

- Where a covered client is not the ultimate beneficiary of the funds or financial instruments held by the member: 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. 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.
- 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.



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