



MPS Marketplace Securities Ltd

Investor Compensation Fund

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1. Background

MPS Marketplace Securities Ltd (hereinafter, the “Company”) is a member of the Investor Compensation Fund (“ICF”) for the Clients of Cyprus Investment Firms (“CIFs”).

2. Purpose of the ICF

The objective of the ICF is to secure claims of Covered Clients against the Company, through the payment of compensation in case the Company is unable to meet its obligations that arise and the Company’s financial position is unlikely to change in the foreseeable future.

The ICF shall cover claims that arise due to the Company’s inability to

- a) Return funds owed to Covered Clients, or funds held by the Company on behalf of Covered Clients in relation to investment services which the Clients lawfully requested the Company to return.
- b) Return financial instruments lawfully belonging to Covered Clients, which the Company holds, manages or administrates on their behalf, in relation to investment services.

3. Covered Services

The ICF shall compensate any covered client of the Company, in respect of claims arising out of a Covered Service of the Company defined as any investment or ancillary service(s) that the firm is licensed to provide at the time, as presented on CySEC website:

<https://www.cysec.gov.cy/en-GB/entities/investment-firms/cypriot/37591/>

4. Covered Clients

The ICF covers Retail Clients of the Company. It does not cover Professional Clients or Eligible Counterparties.

5. Non-Covered Clients

The ICF does not cover clients mentioned below (as per CySEC Directive):

- a) The following categories of institutional and professional investors:
 - i Investment Firms (IFs)
 - ii Legal entities associated with the Company and, in general, belonging to the same group of companies
 - iii Banks
 - iv Cooperative credit institutions
 - v Insurance companies
 - vi Collective investment organizations in transferable securities and their management companies;
 - vii Social insurance institutions and funds
 - viii Investors characterized by the Company as professionals, upon their request
- b) States and supranational organizations
- c) Central, federal, confederate, regional and local administrative authorities
- d) Enterprises closely linked with the Company, as “closely linked” is defined in Section 2 of the Law.
- e) Managerial and administration staff of the Company;
- f) 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;
- g) 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;
- h) Second-degree relatives and spouses of the persons listed in sub-paragraphs (e), (f) and (g) of this section, as well as third parties acting for the account of these persons;
- i) Other enterprises of the same group.
- j) 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.
- k) Individuals against whom criminal proceedings under the provisions of the Prevention and Suppression of the Legalization of Proceeds from Criminal Activities Law of 2007, as amended or replaced, are pending.

In the cases of sub-paragraphs (e), (f), (g), (h) and (i), 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 Procedure

6.1 Activation of Compensation Payment Process

The ICF activates the compensation payment process in one of the following situations:

- a) The Cyprus Securities and Exchange Commission (hereinafter 'CySEC') has determined by resolution that the Company is unable to meet its duties arising from its Clients' claims in connection with the covered investment services it has provided, as long as such inability is directly related to the Company's financial circumstances with respect to which no realistic prospect of improvement in the near future seems foreseeable.

CySEC issues its decision to initiate the procedure of compensation payment by the ICF, within reasonable time and publishes the relevant info on its website.

- b) A judicial authority of the Republic of Cyprus 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 the Company.

CySEC can issue such decision when at least one of the following preconditions is fulfilled:

- i. The Company submits to the ICF or to CySEC a written statement declaring its failure to fulfill its obligations towards its Clients; or
- ii. The Company files an application for liquidation in accordance with the provisions of Part V of the Companies Law of Cyprus; or
- iii. 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 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.

Upon issuance of a decision to activate the compensation payment process by a Court or by CySEC, the ICF publishes, in at least two (2) newspapers of national coverage, an invitation to the covered Clients to make their claims against the Company. Also, the publication is communicated to CySEC which re-publishes it in its website.

The invitation outlines the procedure for submission of the relevant compensation applications, including the deadline for submission and the content of such applications.

The ICF publication includes:

- i. The name, the registered office address and incorporation name of the Company.
- ii. The deadline for submitting a compensation claim, which should be at least five (5) months but less than nine (9) months following the date of activation of the compensation payment procedure or from the date the activation was published.
- iii. The procedure to submit the compensation application form.
- iv. The address or website address through which Covered Client may obtain the compensation application form.

6.2 Compensation Application Form

The ICF issues a compensation application form for Covered Clients with which they make their claims against the Company. The application form includes all information and evidence necessary for assessing the claims of Covered Clients. The application form is accessible via the CYSEC website as per the link below:

<https://www.cysec.gov.cy/en-GB/complaints/tae/application/>

The ICF requests for additional evidence in case deemed necessary during the application assessment.

6.3 Evaluation of application by the ICF Administrative Committee

Upon submission of the compensation application, the Administrative Committee of the ICF examines that:

- a) The procedure for compensation was activated and the application was timely submitted as per the requirements of CySEC Directive;
- b) There is a lawfully claim of a Covered Clients against the Company which relates to an investment service;
- c) The claimant Client is not convicted of a criminal offence pursuant to the Prevention and Suppression of Money Laundering Activities Law of 2007, as amended or replaced;
- d) The claim is not arising out of transactions involving individuals convicted of a criminal offense offence for the said transactions, pursuant to the Prevention and Suppression of Money Laundering Activities Law of 2007, as amended or replaced.
- e) The right of the Covered Client has not been waived based on the provisions of the Limitation Law.
- f) The claimant Client did not use fraudulent means in order to secure the payment of compensation by the ICF, and especially did not knowingly submitted false evidence;

The Administrative Committee may reject the compensation application in case the claimant Client does not fulfil the conditions referred to in section 6.3 above.

6.4 Decision issued by the ICF

Upon completion of the assessment, the ICF:

- a) Issues a decision 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;

The decision also records Clients that are not to be compensated and the reasoning for the rejection of compensation.

- b) Communicates to each affected Client its decision the soonest possible from its issue.

6.5 Appeal

If the claimant disagrees with the ICF decision he/she has the right to a written appeal to CySEC within one month following the publication of the decision, fully justifying his/her appeal. The claimant submits the appeal to info@cysec@gov.cy using a subject title “*Appeal on ICF Decision*”.

During the assessment of appeals the CySEC may:

- a. Ask for additional evidence from the ICF, the Company (member of ICF) or the claimant Client.
- b. Perform any investigation deemed necessary.

CySEC is obliged to examine the appeal within forty-five (45) days. In case it identifies any errors of inaccuracies as to the evaluation performed by the ICF, it demands from the ICF in written to rectify the evaluation, correct the payable compensation, compensate the claimant accordingly and informs the claimant accordingly.

7. Amount of Compensation

- a) 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.
- b) 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.

- c) The total payable compensation to each covered Client of the Company may not exceed the amount of twenty thousand Euros (EUR 20,000) or 90% of the covered client's claim, whichever is lower, irrespective of the number of accounts held, currency and place of offering the investment service.
- d) 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) person or 90% of the covered client's claim, whichever is lower; and
 - b. The compensation is fixed on the whole for all co-beneficiaries of the joint account and is divided amongst them, in the way determined in the agreement between the co-beneficiaries and the Company; otherwise, in the absence of such agreement, it is divided equally amongst them.
- e) The compensation is always paid in Euros. In the case the Client's funds or financial instruments are denominated in a currency other than Euros, the rate to be used for currency conversion shall be the rate issued by the European Central Bank at the end of the day during which the compensation payment procedure was activated.

8. Further information

For any further information regarding the ICF and/or the formalities and preconditions relating to the payment of compensation, the Client can contact the Company at info@mps.trade or the offices of the Administrative Committee of the ICF, at the following address:

27 Diagorou Str. CY1097 Nicosia

Postal address: P.O. Box 24996, 1306 Nicosia

E-mail address: investmentfirms@cysec.gov.cy

Tel. no: 22 506600, Fax no: 22 506700

and for any further information regarding the Regulations, please refer to the website of CySEC at: <http://www.cysec.gov.cy/>