

INVESTOR COMPENSATION FUND

Leverate Financial Services Ltd (hereinafter called the “Company”) is a member of the Investor Compensation Fund (hereinafter called the “ICF”). The objective of the ICF is to secure any claims of covered clients against members of the ICF and the main essence of the ICF is to compensate covered clients for any claims arising from the inability by a member of the ICF to fulfill its obligations despite whether that obligation arises from legislation, the client agreement or from wrongdoing on the part of the member of the ICF.

Failure to execute its obligations consists of the following:

1. Failure to return to a covered client funds owed to them or funds which belong to them but are held by a member of the ICF, directly or indirectly, in the framework of the provision by the member of the ICF to the client of a covered service and which the client has requested that the member of the ICF returns in exercise of their relevant right; or
2. Failure to return to a covered client financial instruments which belong to them and which the member of the ICF holds, manages or keeps on its account, including the case where the member of the ICF is responsible for the administrative management of the said financial instruments.

The Company’s Clients have the risk of losing their assets which are held by third parties, especially in case of their insolvency and in case the third parties are not covered by any investor compensation system and/or other insurance cover.

Covered Services

Covered Services are the investment services listed on the Company’s license (license number 160/11) issued by the Cyprus Securities and Exchange Commission.

Covered Clients

The Company's Clients are categories all covered by the ICF unless they fall within the following categories:

1. The following categories of institutional and professional investors
 - a. Investment Firms.
 - b. Legal entities associated with the Company and, in general, belonging to the same group of companies.
 - c. Banks.
 - d. Cooperative credit institutions.
 - e. Insurance companies.
 - f. Collective investment organizations in transferable securities and their management companies.
 - g. Social insurance institutions and funds.
 - h. Investors characterized by the Company as professionals
2. States and supranational organization.
3. Central, federal, confederate, regional and local administrative authorities
4. Enterprises associated with the Company
5. All staff of the Company inclusive of Managerial and Administration staff
6. Shareholders of the Company whose participation directly or indirectly in the capital of the member of the ICF amounts to at least 5% of its share capital, or its partners who are personally liable for the obligations of the member of the ICF, as well as persons responsible for the carrying out of the financial audit of the member of the ICF as provided by the Law, such as qualified auditors

7. Investors having an enterprise 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 paragraphs 5 and 6 above
8. Second-degree relatives and spouses of the persons listed in paragraphs 5, 6 and 7 as well as third parties acting for the account of these persons
9. Apart from investors convicted of a criminal offence pursuant to the Prevention and Suppression of Money Laundering Activities Law of –2007, as amended or replaced, investor-clients of the Company responsible for facts pertaining to the Company that has caused its financial difficulties or has contributed to the worsening of its financial situation or which have profited from these facts
10. 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.

Procedure for Decision to Commence the Compensation Payment Process

The ICF will commence the compensation payment process in at least one of the following circumstances:

1. The Cyprus Securities and Exchange Commission has determined by Resolution that a member of the ICF is unable to meet client claims provided that this inability is a result from its financial circumstances which show no prospect of improving in the near future; or
2. A judicial authority has on reasonable grounds directly related to the financial circumstances of the member issued a ruling with the effect that investors ability to lodge claims against it are suspended or that a well-founded claim by a client exists then the compensation payment procedure will commence.
3. The fulfillment of the precondition referred to in paragraph 1 above is presumed:

- a. if the member of the ICF submits to the ICF or to the Cyprus Securities and Exchange Commission a written statement declaring its failure to fulfill its obligations toward its clients;
- b. If the member of the ICF files an application for liquidation in accordance with the provisions of Part V of the Companies Law, or
- c. If the Cyprus Securities and Exchange Commission 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 issuing a decision to initiate the compensation payment process, the ICF will publish, in at least three newspapers of national coverage as well as in the Official Gazette of the Republic of Cyprus, an invitation to the covered clients to make their claims. In that invitation a procedure for submission of the relevant applications, a deadline for submission and the content will be outlined.

The compensation applications of covered clients with which they make their claims against the member of the ICF are submitted to the ICF in writing. The compensation applications must include:

- a. the name of the claimant;
- b. the address, telephone and fax numbers as well as any email address of the claimant;
- c. the client code that the claimant had with the member of the ICF;
- d. the particulars of the covered services agreement between the ICF and the claimant;
- e. the type and amount of the alleged claims of the claimant;
- f. the exposition of the particulars from which the alleged claims of the claimant and their amount are derived; and
- g. any other information the ICF will request.

Upon submission of the applications, the Administrative Committee of the ICF has control especially if:

- a. the claimant falls within the category of covered clients;
- b. the application was timely submitted;
- c. the ICF shall pay no compensation in respect of claims arising out of transactions involving individuals convicted of a criminal offence pursuant to the Prevention and Suppression of Money Laundering Activities Law of 2007, as amended or replaced; and
- d. the conditions for the valid submission of compensation applications are fulfilled.

The Administrative Committee rejects the application in case the claimant does not fulfill the conditions of points (a) to (d) of the paragraph immediately above or, if at the Administrative Committee's discretion, exists at least one of the following reasons:

- a. the claimant used fraudulent means in order to secure the payment of compensation by the ICF, especially if it knowingly submitted false evidence;
- b. 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.

Upon completion of the valuation, the ICF:

- a. issues minutes listing the clients of the member of the ICF 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 member of the ICF within five working days from its issue; and
- b. communicates to each affected client its finding no later than fifteen days from the issue of the aforementioned minutes determining the total compensation amount this client is entitled to receive.

Amount of Compensation

The company's books will be used together with supporting evidence to ascertain the claims of a member and the amount payable will be calculated in accordance with the legal and contractual terms governing the relation of the client with the member of the ICF subject to set-off rules. The calculation of compensation payable will derive from the sum of the total established claims of the covered client arising from all covered services provided, regardless of the number of accounts of which it is a beneficiary, the currency and the place of provision of these services. If the claim exceeds €20,000 then the claimant is only entitled to receive a maximum of the equivalent of €20,000.