



## Investor Compensation Fund

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In case of dispute English version prevails

F1Markets Ltd operating under the brand name Stratton Markets is a Cypriot Investment Firm (“CIF”) with a registered address: Kolonakiou Avenue 43, Shop N2B , Ay. Athanasios, 4103, Limassol, Cyprus, Company Registration No. HE329568 and regulated by the Cyprus Securities and Exchange Commission (hereinafter “CySEC”) under License Number 267/15 (hereinafter the “Company”).

The Company is a member of the Investor Compensation Fund (the “Fund”) for the Clients of Cyprus Investment Firms (“CIFs”) and other Investment Firms (IFs) which are not credit institutions, under the Provision of Investment Services, the Exercise of Investment Activities, the Investment Services and Activities and Regulated Markets Law of 2017 (L. 87(I)/2017), as subsequently amended from time to time (“the Law”).

## 1. Object of the Fund

The object of the Fund is to secure the claims of the covered clients of regulated CIFs that are members of the Fund (“Fund Members”) against Fund Members, in situations where the CIF is unable to fulfill its obligations.

The Fund compensates covered clients arising from the services provided by the Fund Member, so long as failure by the CIF to fulfill its obligations has been ascertained. Failure by the Fund Member to fulfill its obligations consists of its failure:

- To return its covered clients fund owed to them or funds which belong to them but are held by a Fund Member, directly or indirectly, in the framework of the provision by the said Fund Member to the said clients of covered services and which the latter requested the Fund Member to return, in exercise of their relevant right.
- To hand over to the covered clients financial instruments which belong to them and which the Fund Member holds, manages or keeps on their account, including the instances where the Fund Member is responsible for the administrative management of the said instruments.

The Company’s clients bear the risk of losing their assets, which are held by Third Parties, especially in the case of their insolvency and in case the Third Parties are not covered by any investor compensation system and/or have no other insurance cover.

## 2. Covered Services

Covered Services are the investment and ancillary services listed on the Company’s license (Licence No. 267/15) issued by the CySEC. The Fund shall not pay compensation to individuals for which criminal proceedings under the provisions of the Prevention and Suppression of the Legalisation of Proceeds from Criminal Activities Law of 2007 are pending against them.

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The Ancillary Service which is covered under ICF (the Company) in relation to the article 11 of the Directive DI144-2007-15 of 2015 includes: Safekeeping administration of Financial Instruments for the account of Clients, including custodianship and related services.

### 3. Covered Clients

The Fund covers Retail Clients of the Company. It does not cover Professional Clients and Eligible Counterparties. For more details see Section 4 below.

### 4. Non-covered Clients

As mentioned in Section 2 above, the Fund shall pay no compensation to individuals against whom criminal proceedings under the provisions of the Prevention and Suppression of Activities Law of 2007, as amended, are pending.

Under Applicable Regulations, the ICF does not compensate the following investor categories:

- a) The following categories of institutional and professional investors:
  - Investment Firms,
  - Legal entities associated with the Company and, in general, belonging to the same group of Companies,
  - Banks,
  - Cooperative credit institutions,
  - Insurance Companies,
  - Collective investment organisations in transferable securities and their management companies,
  - Social insurance institutions and funds,
  - Investors categorised by the Company as professionals, upon their request.
- b) States and International Organisations,
- c) Central, federal, confederate, regional and local administrative authorities,
- d) Enterprises who have close ties with the Company,
- e) Managerial and Administrative 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, such as its 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 subparagraphs (e) and (f) above,
- h) Second degree relatives and spouses of the persons listed in subparagraphs (e), (f) and (g) above, as well as third parties acting for the account of these persons,

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i) Clients who file claims arising out of transactions involving individuals convicted of a criminal offence pursuant to the Prevention and Suppression of Money Laundering Activities Law or Clients responsible for the financial difficulties of the Company or who have contributed to the worsening of the Company's financial situation or who have profited from these facts,

j) Investors in the form of a company, which due its size, is not allowed to draw a summary balance sheet in accordance with the Companies Law or a corresponding law of a EU State.

In the cases of sub-paragraphs (e), (f), (g) and (h) above, the Fund suspends the payment of compensation informing the interested parties accordingly, until it reaches a final decision as to whether such cases apply.

### 5. Compensation Payment Procedure

The Fund 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.

The following constitutes failure by the Company to fulfil its obligations:

a) 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

b) To return to the covered Clients financial instruments which belong to them and which the Company manages.

The Fund initiates the compensation payment process in one of the following situations:

a) The CySEC has determined by Resolution that the Company, which is subscribed to the Fund, is unable, at present, to meet such of its duties as arise from its investor-clients' claims in connection with the provision investment services, provided that such inability is directly related to its financial circumstances in respect of which there is no foreseeable realistic prospect of improvement in the near future, and has issued its decision on the commencement of the compensation payment procedure by the ICF as well as has published the said decision in the Official Gazette of the Republic of Cyprus as well as on its website on the Internet.

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 fulfil 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 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.

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b) A judicial authority has, on reasonable grounds directly related to the financial circumstances of the Company which is subscribe to the Fund, issued a ruling which has the effect of suspending the investors ability to lodge claims against the Company.

Upon issuance of a decision by the Court or by the CySEC on the commencement of the compensation payment procedure, the Fund will publish in at least three (3) national newspapers an invitation to the covered client to make their claims against the Company arising from the covered services, designating the procedure for the submission of the relevant applications, the deadline for their submission and their content.

The compensation applications of covered Clients with which they make their claims against the Company are submitted to the Fund in writing and must include:

- i. The name of the claimant;
- ii. The address, telephone and fax numbers as well as any email address of the claimant;
- iii. The Client code that the claimant had with the Company;
- iv. The particulars of the covered services agreement between the ICF and the claimant;
- v. The type and amount of the alleged claims of the claimant;
- vi. The exposition of the particulars from which the alleged claims of the claimant and their amount are delivered;
- vii. Any other information the ICF might or will request.

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

- i. The claimant-Client falls within the category of covered Clients;
- ii. The application was timely submitted;
- iii. 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;
- iv. The conditions for the valid submission of compensation applications are fulfilled.

The Administrative Committee rejects the compensation application in case the claimant-Client does not fulfil the conditions referred to paragraph above, or if at the Administrative Committee's discretion, at least one of the following reasons exists:

- i. The claimant-Client used fraudulent means in order to secure the payment of compensation by the ICF, especially if it knowingly submitted false evidence;
- ii. 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 Fund:

- i. 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; and

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ii. Communicates to each affected Client its finding no later than fifteen (15) days from the issue of the aforementioned minutes determining the total compensation amount this Client is entitled to receive.

### 6. Payable 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 any set-off rules applied for the calculation of any claims between the client and the Company. A covered client will be eligible for compensation of up to a maximum of Twenty Thousand Euros (€20.000); the said coverage applies to the total amount of claims of a covered client towards the Company, irrespective of the numbers of accounts, currency and place of provision of the service.

In case whereby beneficiaries of a joint account of the Company are in their majority covered Clients:

- a) Insofar as the amount of the claim determined exceeds the amount of EUR20.000, the claimant receives as compensation the amount of EUR20.000, 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.