



# Investor Compensation Fund

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STO Cyprus

## Investor Compensation Fund

AFX Capital Markets Ltd. (“AFX”, “we”, “us”, “our”) trading as STO is a member of the Investor Compensation Fund, set up by the Central Bank of Cyprus and the Cyprus Securities and Exchange Commission ([CySEC](#)) for all clients of Cyprus Investment Firms.

The purpose of the Investor Compensation Fund is to secure the claims of covered clients against Cypriot Investment Firms, in situations where the investment firm is unable to fulfil its obligations. The Fund compensates covered clients claims arising from the services provided by CIF who are members of the Fund, in the event where a CIF fails to fulfil its obligations. Failure to execute its obligations consists of:

1. 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.
2. 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 are the services offered by the CIF. The Fund shall not pay compensation to individuals for which criminal proceedings under the provisions of the Prevention and Suppression of the Legalisation of the proceeds from Criminal Activities Law of 2007 are pending against them. The fund does not cover institutional or professional investors and the total payable compensation to each covered client may not exceed €20.000, irrespective of the number of accounts held, currency and place of offering the investment service.

### Covered Clients

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

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

7. Investors having an enterprise connected with AFX and in general of the group of companies to which AFX 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 1996 - 2000, investor-clients of the Company responsible for facts pertaining to the Company whom have Investor Compensation Fund caused its financial difficulties or have contributed to the worsening of its financial situation or whom 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 Fund 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 Fund 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 a 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 Upon issuing a decision to initiate the compensation payment process, the Cyprus Securities and Exchange Commission will publish, in at least three national newspapers, 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.

#### **Amount of Compensation**

The company's books will be used together with supporting evidence to determine the claims of a member and the amount payable will be calculated in accordance with the legal and the contractual terms governing the relation of the client with the member of the Fund subject to set-off rules. The calculation of the 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 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.