

INVESTOR COMPENSATION FUND
NOVEMBER 2020

SQUARED FINANCIAL (CY) LTD

205, ARCH. MAKARIOS AVENUE
VICTORY HOUSE, 5TH FLOOR
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INVESTOR COMPENSATION FUND

1. General

1.1. Squared Financial (CY) Limited (ex. Asptide Financial Ltd and hereinafter, the “**Company**”) is a member of the Investor Compensation Fund (“ICF”) for the Clients of Cyprus Investment Firms (“CIFs”), under the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law 87(I)/2017, as subsequently amended from time to time (“the Law”).

2. Objective

2.1. 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. Management of the ICF

3.1. The ICF shall be managed, administrated and represented by the Administrative Committee that consists of 5(five) members who attain the knowledge and expertise to fulfil their duties and obligations.

4. Covered Services

4.1. Covered services of the Company are the investment services of (i) Reception and Transmission of orders in relation to one or more Financial Instruments, (ii) Execution of Orders on behalf of Clients and Safekeeping and administration of financial instruments, including custodianship and related services offered by the Company.

4.2. ICF shall not provide any compensation to any individual who has been convicted of a criminal offence related to the legislation for the Prevention and Suspension of Money Laundering Activities.

5. Covered Clients

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

6. Non-Covered Clients

6.1. The ICF shall pay no compensation to 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.

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

- (a) 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.
 - Banks.
 - 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.
- (b) States and supranational organizations.
- (c) Central, federal, confederate, regional and local administrative authorities.
- (d) Enterprises associated with the Company.
- (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 (as applicable), 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 paragraph as well as third parties acting for the account of these persons.
- (i) 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, 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 which have profited from these facts.
- (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.

6.3. In the cases of sub-paragraphs (e), (f), (g) and (h) 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.

7. Procedure

7.1. The ICF will secure the claim of Covered Clients provided that one of the following preconditions is fulfilled:

- i. Cyprus Securities and Exchange Commission (CySEC) has determined by resolution that the Company is unable to meet any duties that arise from a client's claim in connection to investment or ancillary services and there is no foreseeable realistic prospect of improvement in the near future;

The above precondition is considered to be fulfilled where:

- The Company submits to the Fund or to CySEC a written statement declaring its failure to fulfil its obligations towards the client; or
 - The Company applies for liquidation in accordance to the provisions of the Companies Act Chapter 113, as amended from time to time; or
 - In case where CySEC has revoked or suspended the authorization of the Company, 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 consist of a temporary lack of liquidity, which can be dealt with immediately.
- ii. A court has on reasonable grounds directly related to the financial circumstances of the Company, issued a ruling which has the effect of suspending the client's ability to lodge claims against the Company.

7.2. Where a decision has been issued either by a Court or CySEC, ordering the payment of a compensation, the ICF shall publish an invitation directed to the Covered Clients to submit any claim vis-à-vis the Company. The said invitation shall be published in at least three (3) national newspapers. The invitations shall also specify the procedure, manner, deadline and content of the claim.

7.3. Each Covered Client who wished to submit a claim against the Company, shall submit its claim in writing to the ICF. Each claim must include, amongst others:

- i. Full name, address, telephone number, fax number and electronic mailing address.
- ii. Client's Account ID number.
- iii. Details of the Client Agreement signed between him/her with the Company.
- iv. Type and amount of claim.
- v. Documentation and/or any other source of information on which the claim and the amount of claim are based.

7.4. In the event that the abovementioned provisions have not been fulfilled, the Administrative Committee has the right to reject the claim.

7.5. Refusal of the claim may also occur where the Administrative Committee concludes that one of the following is evident:

- i. The Client has submitted false documentation and/or information,
- ii. The Client has suffered damage as a result of his/her own contributory negligence or as a result of an offence committed by him/her.

7.6. Following the competition of the assessment of the claim, the ICF publishes minutes which document the clients of the Company who are eligible to receive compensation as well as the amount of money they are eligible to receive. A copy of the minutes shall be provided to CySEC within five (5) business days from the date of its publication.

7.7. Each eligible Client shall be notified within fifteen (15) business days from the date of issuance of the decision, of the amount he/she is eligible to receive.

8. Amount of Compensation

8.1. Each client shall be eligible to a compensation of maximum Twenty Thousand Euros (€20.000). The particular coverage applies to the total amount of claim of a Covered Client towards the Company, irrespective of the number of accounts, currency and place or provision of the service.

8.2. 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 the claim between the Covered Client and the Company.

Subject to the provisions of the Law and the Directive, the calculation of the payable compensation derived 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 which the Covered Client is a beneficiary, the currency and the place of the provision of these services.

8.3. In instances whereby beneficiaries of a joint account of the Company are in the majority Covered Clients, the maximum amount payable to all co-beneficiaries of the account comes up to Twenty Thousand Euros (€20.000) and the compensation is fixed on the whole for all co-beneficiaries of the joint account and shall be divided between them, in accordance with any agreement between them and the Company and/or in the absence of such an agreement, the amount shall be divided equally amongst them.