

INVESTOR COMPENSATION FUND

(EFFECTIVE NOV/2020)

Emergo Wealth Ltd, Authorised and regulated by CySEC (License no: 232/14)

EMERGO WEALTH LTD

12 Demosthenis Severis Avenue, 5th Floor, 1080 Nicosia, Cyprus
P.O. Box 25193, 1307 Nicosia, Cyprus, Tel: +357 22449122 Fax: +357 22780589
www.emergowealth.net

1. Introduction

Emergo Wealth Ltd (“the Company”), is a Cypriot Investment Firm authorized and regulated by the Cyprus Securities and Exchange Commission (CySec) under license number 232/14. The Company is a member of the Investor Compensation Fund (the “Fund”) for Customers of Cypriot Investment Firms (CIFs) and other Investment Firms (IFs) which are not credit institutions.

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 the Company, so long as failure by the Company to fulfil its obligations has been ascertained, in accordance with the terms and procedure defined in the Law, notwithstanding a relevant obligation by the Company, 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 Company is based on the agreement or on wrongdoing.

The loss of Fund membership status by the Company, shall not mean loss of rights of covered Clients to receive compensation, in relation to investment operations carried out, if the conditions for compensation are fulfilled and it will not hinder the initiation of the compensation procedure for covered clients.

2. Covered Services

The Fund covers the following investment and ancillary services of the Company:

1. Reception and transmission of orders in relation to one or more financial instruments.
2. Execution of orders on behalf of clients.
3. Portfolio Management
4. Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management.
5. Granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction.
6. Foreign exchange services where these are connected to the provision of investment services.

3. Covered Clients

The Fund covers the clients of the Company except those who are included in the following categories of investors:

1. The following categories of Institutional (Eligible Counterparties) and professional investors:
 - a. Investment Firms (IFs),

- 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, upon their request
2. States and supranational organizations.
 3. Central, federal, confederate, regional and local administrative authorities.
 4. Enterprises associated with the Company. Associated enterprises means companies belonging to the same group as well as natural persons who directly or indirectly control that legal person or its parent company, holding a minimum percentage of 20% of the share capital or voting rights and their associates.
 5. Managerial and administrative staff of the Company.
 6. 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 its qualified auditors.
 7. Investors having investments in enterprises connected with the Company and, in general, of the group of companies, to which the Company belongs, or positions and 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 on behalf of these persons.
 9. Investors involved in money laundering activities or investors responsible for the financial difficulties of the Company or have contributed to the worsening of the Company financial situation or which have profited from these facts/activities.
 10. Companies (investors) which due to their size are not allowed to draw a summary balance sheet in accordance with the Companies Law or corresponding law of a Member State.
 11. Retail Clients who are trading CFDs when the underlying asset is virtual currency pair(s) will not be entitled to any protection related to Investor Compensation Fund. In

the cases of paragraphs (5), (6), (7) and (8), the Fund suspends the payment of compensation informing the interested parties accordingly, until it reaches a final decision as to whether such cases apply.

4. Object of the ICF

The object of the Fund is to secure the claims of the covered customers against the members of the Fund (i.e. the Company) by the payment of compensation for their claims arising from the covered services provided by its members, so long as failure by the Company to fulfill its obligations has been ascertained.

The term failure denotes the inability of the Company:

- a. either to return to its covered customers funds owed to them or funds which belong to them but are held by the Company, directly or indirectly, in the context of the provision by the Company to the said customers of covered services, and which the latter requested the Company to return, in exercising their relevant right, or
- b. to hand over to the covered customers financial instruments which belong to them and which the Company holds, manages or keeps on their account, including circumstances where the Company is responsible for the administrative management of the said financial instruments.

The payment of compensation by the Fund to the customers of its members is subject to the existence of a well-founded claim by the customer against the member of the Fund.

5. Prerequisites for initiating the compensation payment procedure

The Fund initiates the compensation payment procedure when at least one of the following prerequisites is fulfilled:

- a. The Cyprus Securities and Exchange Commission has determined by resolution that the Company is for the time being unable to meet its obligations arising from its investors-customers' claims, in connection with the covered services it has provided, as long as such inability is directly related to the Company financial position which has no realistic prospect of improvement in the near future, or
- b. A judicial authority, has on reasonable grounds, directly related to the financial position of the Company, issued a ruling which has the effect of suspending the investors-customers' ability to lodge claims against the Company.

The fulfillment of the above precondition is presumed:

- a. If the Company submits to the Fund or to the Cyprus Securities and Exchange Commission a written statement declaring its failure to fulfill its obligations toward its clients
- b. If the Company files an application for liquidation in accordance with the provisions of Part V of the Companies Law;

- 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.

The Cyprus Securities and Exchange Commission decides on whether the above cases applies, either ex officio or upon request submitted to it by a covered client of the Company, the Fund or other competent supervisory authority and any other person with legitimate interest

The Cyprus Securities and Exchange Commission issues its decision on the commencement of the compensation payment procedure by the Fund within a reasonable timeframe upon ascertaining the fulfillment of the preconditions for the issue of such decision, and publishes the said decision in the Official Gazette of the Republic as well as on its website on the Internet.

In order to reach a decision the Cyprus Securities and Exchange Commission may request by the Company to set out its views within a short deadline so fixed, which cannot be less than three working days from the date of the invitation to set out such views.

The Cyprus Securities and Exchange Commission may extend, by up to three months, the issue of its decision on the commencement of the compensation payment procedure by the Fund. The extension is decided upon in case of lack of certainty on whether the failure by the Company to fulfill its obligations is reversible or not and, in particular, when such failure is mostly due to a liquidity problem faced by the Company, and which is reasonably expected to be settled.

The Company is entitled to request the Cyprus Securities and Exchange Commission to issue a decision on the extension of the deadline explaining the reasons for the submission of such request.

The Cyprus Securities and Exchange Commission takes its decision considering the guarantee of the smooth operation of the capital market and upon weighting the interests of the clients and the Company.

The Cyprus Securities and Exchange Commission may prohibit the Company from disposing of specific assets, with the objective of securing the interests of the clients and in general its lenders, or take, at its discretion, other appropriate measures for the attainment of this objective.

6. Procedure relating to the invitation of covered clients to submit applications

Upon issuance of a decision by the Cyprus Securities and Exchange Commission or by the Court on the commencement of the compensation payment procedure, the Fund publishes in at least three national newspapers an invitation to the covered customers to make their claims against the Company arising from covered services, designating the procedure for the submission of the relevant applications, the deadline for their submission and their content.

The publication should contain at least:

- a. The name and address of the headquarters of the Company;
- b. The deadline for the submission of compensation applications, which cannot be less than five months and greater than nine months from the last publication;
- c. The mode and address of submission of applications;
- d. The address at which investors may be informed about the exact content of the

applications to be submitted, and get the relevant form provided by the Fund

The Cyprus Securities and Exchange Commission, the Cyprus Stock Exchange (CSE) and any interested members will enter the publication on their website during the entire deadline for the submission of applications. Non-compliance on behalf of the above persons with this obligation shall not result in the nullity of the process but it shall only result in the imposition of sanctions.

In exceptional cases, the Fund, with a notice subject to the publicity conditions defined above, may extend the deadline for the submission of compensation applications up to three months. In case a covered client, not being its fault, was neither informed about the invitation to submit compensation applications nor in a position to submit within the deadline this application, the deadline is interrupted.

Indications that the covered client has an impediment for which he is not responsible and which forms a reason for the interruption of the deadline for the submission of a compensation application include especially:

- a. Proved absence of the covered client abroad for a period which includes at least half of the deadline for the submission of a timely application;
- b. Illness confirmed by a doctor that it forms a serious impediment for the submission of an application for a period which includes at least half of the deadline for the submission of a timely application;
- c. Client's stay in a correctional institution for a period which includes at least half of the deadline for the submission of a timely application

In case of interruption of the deadline, the deadline starts again from the day the reason of its interruption ceases to exist.

A covered client, for whom there exists a reason to interrupt the deadline, may not submit a compensation application after eight months from the expiration of the deadline.

A covered client who submits an application late to the Fund for the payment of compensation is obliged to submit, in addition to the information forming the necessary minimum content of the application, a solemn declaration stating the reason for which he was not in a position to claim compensation in time attaching the necessary supporting evidence to prove his allegations.

7. Content of applications for compensation

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:

- 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 for the Company;
- d. The particulars of the covered services agreement between the Fund 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

The Fund may ask for more information to be included in the compensation application, which it communicates with its publication in at least three newspapers of national coverage as well as in the

Official Gazette of the Republic, and puts a catalogue with this information at the disposal of investors, at its offices and/or at the offices of the member of the Fund.

8. Amount of 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 the set-off rules applied for the calculations of the claims between the Covered Client and the Company.

Subject to the provisions of the Law and the Directive, the calculation of the compensation payable derives from the sum of the 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.

The total payable compensation to each Covered Client of the Company may not exceed the amount of twenty thousand EUR (€20,000), irrespective of the number of accounts held, currency and place of offering the investment service.

In cases whereby beneficiaries of a joint account of the Company are in their majority Covered Clients, the maximum amount payable to all co-beneficiaries of the account comes up to the amount of twenty thousand EUR (€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 the and the Company and/or in the absence of such an agreement, the amount shall be divided equally amongst them.

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