

BDSwiss HOLDING PLC
INVESTOR COMPENSATION FUND NOTICE
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Regulated by the Cyprus Securities and Exchange Commission (CySEC),
License Number 199/13

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1. Introduction

- 1.1 BDSwiss Holding PLC (hereinafter referred to as “the Company”) is an investment firm that operates as a broker. The Company is a member of the Investor Compensation Fund (the “Fund”) for Customers of Cyprus Investment Firms (CIFs) and other Investment Firms (IFs) which are not credit institutions, which was established under the Investment Firms Law 2002 as amended and replaced by Law 144(I)/2007 (the “Law”) and the Establishment and Operation of an Investor Compensation Fund for Customers of CIFs Regulations of 2001 which were issued under the Law.
- 1.2 The Company is incorporated (Certificate of incorporation No. 300153) in the Republic of Cyprus through the Department of Registrar of Companies and Official Receiver and is authorised and regulated by the Cyprus Securities and Exchange Commission (hereafter “CySec”) (License No. 199/13) and operates under the Markets in Financial Instruments Directive (EU Directive 2004/39/EC)
- 1.3 It is a legal obligation for CIFs and other IFs, which are not banks, to subscribe to the Fund.
- 1.4 Any compensation provided to clients by the Investor Compensation Fund shall not exceed EURO20.000. This applies to clients’ aggregate claims against the Company.

2. Interpretation of Terms

- 2.1 Unless indicated to the contrary, the defined terms included in this Investor Compensation Fund Notice shall have a specific meaning and may be used in the singular or plural as appropriate.

“*BDSwiss Client*” shall have the same meaning as the “client” referred to in the Company’s Terms and Conditions, as amended from time to time.

3. Objective

- 3.1 The Fund constitutes a private law legal entity and its administration is exercised by an Administrative Committee of five members, who are designated for a three-year term. The object of the Fund is to secure the claims of the covered clients against the members of the Fund by the payment of compensation for their claims arising from the covered services provided by its members, so long as failure by the member to fulfil its obligations has been ascertained.
- 3.2 The Fund pays compensation to a *Covered Client* for a successful claim brought in relation to a *Covered Service* provided by the Firm given that the Firms’ failure to fulfil its obligations has been established.

4. Covered Services

The Fund shall compensate any *Covered Client* of BDSwiss in respect of a claim arising out of a *Covered Service* meaning any investment and/or ancillary service(s) provided by the Company and as presented on <http://www.cysec.gov.cy/en-GB/entities/investment-firms/cypriot/37650/>

5. Covered Clients

The Fund covers all the clients of the Company, **except** the clients listed under the paragraph “Non-covered Clients”.

6. Non – Covered Clients

6.1 The Fund 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 The Fund does not compensate the following investors:

- 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 supranational organisations.
- c) Central, federal, confederate, regional and local administrative authorities.
- d) Enterprises associated with the Company.
- e) Managerial and administrative staff of the Company.
- f) 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, 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 paragraphs (v) and (vi)

- h) Second-degree relatives and spouses of the persons listed in paragraphs (v), (vi) and (vii), as well as third parties acting for the account of these persons.
- 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 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 EU.

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

7. Compensation Payment Process

7.1 The Fund compensates the covered clients for claims arising from the covered services provided by its members, as long as failure by the member to fulfil its obligations has been ascertained notwithstanding a relevant obligation by the member of the Fund 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 Fund is based on the agreement or on wrongdoing.

7.2 Failure by the Company to fulfil its obligations to a *Covered Client* consists of the following:

- Either failure to return funds owed to a *Covered Client* or funds which belong to a *Covered Client* but are held by BDSwiss, directly or indirectly, and which the former requested the Firm to return in the context of exercising a right under the Terms and Conditions;
- Or failure to hand over to a *Covered Client* financial instruments that rightfully belong to them and which the Company holds, manages, or keeps on its account, including but not limited to situations where BDSwiss is responsible for the administrative management of the relevant financial instruments.

7.3 The Fund initiates the compensation payment procedure when at least one of the following preconditions is presumed:

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

- If (CySEC) has revoked or suspended the member's authorization to provide investment services and ascertains that the member of the Fund 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.
- 7.4 In order to reach a decision on its commencement of the compensation payment procedure, CySec may request by the member of the Fund 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.
- 7.5 Upon issuance of a decision by the Court or by CySEC, on the commencement of the compensation payment process, the Fund publishes in at least three newspapers of national coverage, an invitation to the covered clients to make their claims against the member of the Fund arising from covered services, designating the procedure for the submission of the relevant applications, the deadline for their submission and their content. The publication contains at least:
- the name and address of the headquarters of the member of the Fund, to whom the covered client compensation process has been activated through the Fund;
 - the deadline for the submission of compensation applications, which cannot be less than five months and greater than nine months from the last publication;
 - the mode and address of submission of applications;
 - 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.
- 7.6 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 provided that an interruption of the deadline arises in case of an event of force majeure, as long as it has been proved that it prevented the keeping of the deadline for the submission of compensation applications or the collection and submission of the required information.
- 7.7 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:
- 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;
 - 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; or

- his stay in a correctional institution for a period which includes at least half of the deadline for the submission of a timely application.

7.8 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.

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

- the name of the claimant;
- the address, telephone and fax numbers as well as any email address of the claimant;
- the client code that the claimant had for the member of the Fund;
- the particulars of the covered services agreement between the Fund and the claimant;
- the type and amount of the alleged claims of the claimant; and
- 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 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.

7.10 The Fund designates at least one qualified auditor and at least one lawyer with knowledge on capital market issues, who after having checked initially the prerequisites, they evaluate the claims submitted to the Fund and recommend to the Administrative Committee their acceptance in total or in part or their rejection. In case of disagreement between these persons, each one of them submits a separate recommendation. The remuneration of the persons is agreed between the Fund and these persons and burdens the member of the Fund, and, if necessary, is paid by the Fund. The persons in order to evaluate the applications:

- ask from the member of the Fund to express its opinion about the grounds of the claims alleged by the claimants and, in case of doubt, to present the relevant supporting documents;
- evaluate, based on the information they have, the applications, determining the amount of the compensation for each claimant.

The persons referred to above, have full access to the books kept by the member of the Fund, in order to accomplish their work, and they are obliged to exhibit confidentiality against any third party as to the information coming to their knowledge in the exercise of their duties provided that the said obligation of confidentiality is disregarded in order to render possible the exercise of their duties.

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

- the claimant falls within the category of covered clients;
- the application was timely submitted;
- 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;
- the conditions of legislation for the valid submission of compensation applications are fulfilled.

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

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

The Administrative Committee during the examination of the applications takes into consideration the recommendations of the persons defined in subparagraph 7.8 and decides on the applications submitted to the Fund determining the amount of the compensations for each covered client-claimant.

7.12 The Fund may demand at any time from a covered client to return the compensation paid to it, if it finds out a posteriori that there was a reason to reject its application.

8. Compensation Amount

8.1 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 off-set rules applied for the calculations of the claims between the covered Client and the Company.

8.2 The calculation of the payable compensation derives from the sum of total established claims of the covered client against the member of the Fund, arising from all covered

services provided by the member and regardless of the number of accounts, of which it is a beneficiary, the currency and place of provision of these services.

8.3 The valuation of the financial instruments pertaining to the compensation payable to the covered client is carried out based on their value at the day:

- Of publication of a court ruling which has the effect of suspending the investors ability to lodge claims against it based on reasonable grounds directly related to financial circumstances of the Investment Firm (i.e BDSwiss Holding PLC) which has subscribed to the Fund;
- Of publication of the decision of the Cyprus Securities and Exchange Commission that an Investment Firm, which has subscribed to the Fund, is unable to meet any of its duties arising from its client's claims in connection with the covered services it has provided, as long as such inability is directly related to its financial circumstances in respect of which no realistic prospect of improvement in the near future seems foreseeable.

8.4 The calculation of the payable compensation derives from the sum of total established claims of the covered client against the member of the Fund, arising from all covered services provided by the member and regardless of the number of accounts, of which it is a beneficiary, the currency and place of provision of these services.

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

9. Valuation of claims of covered clients and its notification process

9.1 Upon completion of the valuation, the Fund:

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

9.2 CySEC, in order to ensure that the provisions of the legislation in force in the Republic are fulfilled during the examination of the applications and the calculation of the amount of the corresponding compensation per covered client, may:

- request from the Fund, the member of the Fund and the claimant to produce information and particulars;

- run any investigation required, implementing the relevant provisions of the Cyprus Securities and Exchange Commission Law of 2009 to 2013, as in force, and especially those provisions enacting the powers of the Securities and Exchange Commission for entry and investigation.

9.3 The claimant to whom the Fund communicates the total compensation amount to which it is entitled, in case it disagrees with the Fund's decision, has the right within ten days from the communication of the decision, to appeal to CySEC, justifying sufficiently its alleged claim.

9.4 The Cyprus Securities and Exchange Commission, in as long as it finds errors or inaccuracies as to the evaluation by the Fund of the applications for the payment of compensation and the fixing of the compensation for each claimant, taking into consideration any memos submitted to it by claimants, may demand from the Fund to correct the payable compensations with a decision communicated to the Fund within forty-five days from the communication to it of the minutes of the compensation beneficiaries.

10. Deadline and procedure related to the payment of compensation

- 10.1 The Fund is obliged to pay to each covered client-claimant the compensation within three months from sending to CySEC the minutes with the compensation beneficiaries.
- 10.2 The payment of the compensation by the Fund is deposited to a bank account of the covered client-claimant designated by the latter in writing to the Fund.
- 10.3 Every compensation payable to a covered client burdens initially the property of the Fund corresponding to the individual shares of its members and then the assets of the fixed reserve.

11. Effects of payment of compensation

The payment of any compensation by the Fund entails ipso jure subrogation of the Fund to the rights of the compensated covered client-claimant against the member of the Fund for an amount equal to the compensation payable to it.

12. General Information

For any further information regarding the Fund, please contact the Company at compliance@bdswiss.com