



# INVESTOR COMPENSATION FUND

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(EFFECTIVE JAN/2014)

Emergo Wealth Ltd is licensed and regulated by the Cyprus Securities and Exchange Commission under license number 232/14 for the provision of financial and investment services.

The Company is a member of the Investor Compensation Fund for Clients of IFs (the «Fund»), which was established and operates under the Investment Firms (IF) Law 2002 and the Establishment and Operation of an Investor Compensation Fund for Clients of CIFs Regulations of 2004 which were issued under this law, as these may be amended from time to time. 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 fulfill its obligations has been ascertained.

Failure by the Company to fulfill its obligations consists of its failure to-

- a. either return to its covered clients 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 clients of covered services, and which the latter requested the Company to return, in exercising their relevant right, or
- b. hand over to the covered clients 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.

## 1. COVERED SERVICES

Covered services are the investment services of:

1. reception and transmission, on behalf of clients, of orders in relation to one or more of the financial instruments,
2. Managing of investment portfolios in accordance with mandates given by clients, where such portfolios include one or more of the financial instruments,
3. Safekeeping or administration in relation to one or more of the financial instruments.

## 2. COVERED CLIENTS

Covered clients are the clients of the Company, except those who are included in the following categories of investors:

1. Institutional and professional investors such as:
  - a. Investment Firms (IFs)
  - b. legal entities associated with the Company and, in general, belonging to the same group of companies as the Company,
  - c. banks,
  - d. co-operative credit institutions,
  - e. insurance companies,
  - f. collective investment organisations in transferable securities and their management companies,
  - g. social insurance institutions and funds,
  - h. investors characterized by the Company as professionals, upon their request, in accordance with articles 14 and 15 of the Code of Professional Conduct of Investment Firms.
2. States and supranational organizations.
3. Central, federal, confederate, regional and local administrative authorities.
4. Enterprises associated with the Company.
5. Executive and managerial officers 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, such as its qualified auditors.
7. 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 5 and 6.
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.
  - a. Investors, whose claim arises out of transactions involving individuals, who have been convicted of a criminal offence for these transactions, pursuant to the Concealment, Investigation and Confiscation of Proceeds from Criminal Activities Act 1996 as amended.
  - b. Investors-clients of the Company responsible for facts which have caused its financial difficulties or have contributed to the worsening of its financial situation or who have profited from these facts.
9. 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 Act or a corresponding law of a member state of the European Union.

### 3. 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 that the Company is for the time being unable to meet its obligations arising from its investors-clients' claims, in connection with the covered services it has provided, as long as such inability is directly related to the Company's financial position which has no realistic prospect of improvement in the near future, or
- b. A Court, based on grounds directly related to the financial position of the Company, has made a ruling which has the effect of suspending the investors-clients' ability to lodge claims against the Company.

Upon issuance of a decision by the Cyprus Securities and Exchange Commission or by the Court in accordance with paragraph (a) or (b) above respectively, on the commencement of the compensation payment procedure, the Fund publishes in at least three national newspapers an invitation to the covered clients 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.

### 4. CALCULATING THE 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 rules of set-off applied for the calculation of the claims between the covered client and the Company. The calculation of the payable compensation derives 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 of which the client is a beneficiary, the currency and place of provision of these services. Insofar as the amount of the claim determined exceeds the amount of Euro 20.000, the claimant receives as compensation the lump sum of Euro 20.000.

If you have any questions regarding our Investor Compensation Fund, please contact our Compliance Department at [compliance@emergowealth.net](mailto:compliance@emergowealth.net) or +357 22 449122. (Mon – Fri, 08:00 – 17:00 Cyprus Time).