



BLACKTOWER

FINANCIAL MANAGEMENT GROUP

Investor Compensation
Fund Guidance



Investor Compensation Fund Guidance

1. INVESTOR COMPENSATION FUND

Blacktower Financial Management (Cyprus) Limited (“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 Fund was established under the Investment Firms (IF) Law 2002 as amended and replaced by Law 87(I) 2017 (the “Law”) and the Establishment and Operation of an Investor Compensation Fund for Customers of CIFs Regulations of 2004 (the “Regulations”) which were issued under the Law. 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.

2. OBJECT OF THE FUND

The object of the Fund is to secure the claims of the covered customers against the members of the Fund (i.e. Blacktower Financial Management (Cyprus) Ltd) 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. Failure by a member to fulfil 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 member, directly or indirectly, in the context of the provision by the member to the said clients of covered services, and which the latter requested the member to return, in exercising their relevant right.
- b. or hand over to the covered clients financial instruments which belong to them and which the member holds, manages or keeps on their account, including circumstances where the member is responsible for the administrative management of the said financial instruments.

3. COVERED SERVICES

Covered services are the following investment services which are offered by The Company:

- Investment advice
- Reception & Transmission

Financial instruments in relation to which investment services are currently provided by The Company are the following:

- Money-market instruments
- Transferable Securities
- Units in Collective Investment Undertakings

4. COVERED CLIENTS

Covered clients are all the clients of The Company except those who have elected not to be classified as retail clients.

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 that the member is, for the time being, unable to meet its obligations arising from its investors claims, in connection with the covered services it has provided, so long as such inability is directly related to the member'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 member, has made a ruling which has the effect of suspending the investors' ability to lodge claims against the member.

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 member arising from covered services, designating the procedure for the submission of the relevant applications, the deadline for their submission and their content.

6. 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 member, subject to the rules of set-off applied for the calculation of the claims between the covered client and the member. The calculation of the payable compensation derives from the sum of total established claims of the covered client against the member, arising from all covered services provided by the member 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 €20.000, the claimant receives as compensation the lump sum of the amount of €20.000. Upon completion of the valuation, the Fund (a) issues minutes listing the clients of the member who are entitled to compensation, along with the amount of money each one of them is entitled to receive and communicates it to the Cyprus Securities and Exchange Commission and the member within five working days from its issue and (b) communicates to each affected client its finding no later than fifteen days from the issue of the minutes, determining the total compensation amount this client is entitled to receive. The claimant, to whom the Fund communicates the total compensation amount to which he is entitled, in case he disagrees with the Fund's decision, has the right within ten days from the communication of the decision to appeal to the Cyprus Securities and Exchange Commission, justifying sufficiently his alleged claim. The Fund is obliged to pay to each covered client – claimant the compensation within three months from sending to the Cyprus Securities and Exchange Commission the minutes with the compensation beneficiaries.

7. HOW TO APPLY FOR COMPENSATION

Upon issuance of a decision to initiate the compensation payment process by a Court or by CySEC, the ICF publishes, in at least three (3) newspapers of national coverage, an invitation to the covered Clients to make their claims against the Company. The invitation outlines the procedure for submission of the relevant compensation applications, including the deadline for submission and the content of such applications.

The compensation applications of covered Clients with which they make their claims against the Company are submitted to the ICF in writing and must include:

- The name of the Claimant-Client;
- The address, telephone and fax numbers as well as any email address of the Claimant-Client;
- The Client code that the Claimant-Client had with the Company;
- The particulars of the covered services agreement between the ICF and the Claimant-Client;
- The type and amount of the alleged claims of the Claimant-Client;
- The exposition of the particulars from which the alleged claims of the Claimant-Client and their amount are delivered;
- Any other information the ICF might or will request.

Upon submission of the compensation applications, the Administrative Committee of the ICF has control especially if: (i) The Claimant-Client falls within the category of covered Clients; (ii) The application was timely submitted; (iii) 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; (iv) The conditions for the valid submission of compensation applications are fulfilled.

The Administrative Committee rejects the compensation application in case the Claimant-Client does not fulfil the conditions referred to above, or if at the Administrative Committee's discretion, at least one of the following reasons exists: (i) The Claimant-Client used fraudulent means in order to secure the payment of compensation by the ICF, especially if it knowingly submitted false evidence.

Upon completion of the valuation, the ICF: (i) Issues minutes listing the Clients of the Company 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 Company within five (5) working days from its issue; and (ii) Communicates to each affected Client its finding no later than fifteen (15) days from the issue of the aforementioned minutes determining the total compensation amount this Client is entitled to receive.

For any further information regarding the Fund, please refer to the offices of the Administrative Committee of the Fund, at the following address:

Administrative Committee of the Investor Compensation Fund for Customers of CIFs and other IFs
32 Stasikratous Street, 4th floor
P.O. Box 24996 1306 Nicosia

Tel: 22875475

Fax no: +357-22754675

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