



# **ICF (Investor Compensation Fund) Policy**

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## **1. INTRODUCTION**

Concorde Investments (Cyprus) Ltd (the “Company”, “Brokereo”, “we” or “us”), operating through the domain name Brokereo.com is a Cypriot Investment Firm (the “CIF”) authorised and regulated by the Cyprus Securities and Exchange Commission (“CySEC” or the “Commission”) with license number 189/13.

The Company is a member of the ICF (Investor Compensation Fund) for clients of Cypriot Investment Firms, and it is required to comply with the provisions of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on Markets in financial Instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as the same may be in force, and amended from, modified or amended form time to time (the “Markets in Financial Instruments Directive (2014/65/EU)” or “MiFID II”), which was transposed into Cypriot Law by the Investment Services and Activities and Regulated Markets Law of 2017 L. 87(I)/2017 (the “Law”).

## **2. OBJECTIVE**

The objective of the ICF is to secure the claims of 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. COVERED CLIENTS AND SERVICES**

It is clarified that if you have been categorised by the Company as a “Retail Client”, you will be eligible to seek compensation from the ICF, in in the event our obligations towards you cannot be satisfied. The Commission has the sole responsibility in determining whether the Company may be unable to meet its obligations in connection with the provision of investment and ancillary services offered by the Company, as these are listed on CySEC’s [website](#).

## **4. NON-COVERED CLIENTS**

4.1. Subject to the provisions of the Second Schedule and Paragraph 25 of the Directive DI87-07 for the operation of the ICF (“the ICF Directive”) the ICF shall 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 generally belonging to the same group of companies;
- Banks;
- Cooperative credit institutions;
- Insurance companies;

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- Collective investment undertakings in transferable securities and their management companies;
  - Social insurance institutions and funds;
  - Investors categorised as professionals upon their request.
  - Supranational institutions, government and central administrative authorities.
- (b) Provincial, regional, local and municipal authorities.
- (c) Enterprises that have close ties with the Company.
- (d) Managerial and administration staff of the Company.
- (e) 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.
- (f) 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 those listed in sub-paragraphs (e) and (f) above.
- (g) Up to second-degree relatives and spouses of the persons listed in sub-paragraphs (e), (f) and (g), as well as third parties acting for the account of such persons.
- (h) 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.
- (i) Other firms in the same group.
- (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.
- 4.2. In the cases of sub-paragraphs (e), (f), (g), (h) and (j) the ICF shall suspend the payment of compensation informing the interested parties accordingly, until it reaches a final decision as to whether such cases apply.

## **5. INITIATION OF THE COMPENSATION PROCEDURE AND COVERED CLAIMS**

- 5.1. The ICF shall initiate the compensation payment procedure when **(a)** the Commission has determined that the Company, for the time being, for reasons directly related to its financial circumstances, is unable to meet its obligations arising out of investors' claims and has no early prospect of being able to do so and **(b)** the Court of the Republic, has made a ruling, for reasons directly related to the

Company's financial circumstances, which has the effect of suspending investor's ability to make claims against it.

- 5.2. In view of the above, it is noted that the ICF covers claims arising due to the Company's failure:
- (a) To repay the funds owed to covered clients or belonging to them and held on their behalf in connection with investment operations; or
  - (b) To return to covered clients any financial instruments belonging to them and held, managed or administered on their behalf in connection with investment operations.

## **6. PROCEDURE OF INVITATION TO SUBMIT APPLICATIONS**

- 6.1. Upon initiation of the compensation payment procedure, the ICF shall publish in at least two (2) national newspapers, an invitation to submit applications for compensation, designating the procedure for the submission of the relevant applications, the deadline for their submission as well as their content.
- 6.2. It is noted that the Fund shall issue a claim form setting out the information and supporting evidence required to be submitted in order to evaluate the claims of covered investors. The relevant form is available in the Commission's website and the information requested includes among other the following:
- (i) The name of the claimant-client;
  - (ii) The address, telephone and fax numbers as well as any email address of the claimant-client;
  - (iii) The client code that the claimant-client had with the Company;
  - (iv) The particulars of the covered services agreement between the ICF and the claimant-client;
  - (v) The type and amount of the alleged claims of the claimant-client;
  - (vi) Any other information the ICF might or will request.

## **7. COMPENSATION PAYMENT CONDITIONS**

The payment of compensation by the ICF shall entail the following:

- a. The initiation of the compensation payment procedure;
- b. The existence of a valid claim by a covered client against the Company, which derives from investment operations;
- c. The submission of an application form;
- d. That the claims do not arise from transactions for which there has been a criminal conviction for money laundering as defined in The Prevention and Suppression of Money Laundering Activities Law of 2007 (hereafter the "AML Law");
- e. There are no pending criminal proceedings against the said covered client for money laundering as defined in AML Law;
- f. The right of a covered client has not been extinguished under the Limitation of Offenses Act.

## **8. DECISION OF THE ADMINISTRATIVE COMMITTEE ON THE APPLICATIONS**

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- 8.1. The Administrative Committee shall examine the applications and decide whether the conditions mentioned under Section 7 above are fulfilled or not.

The Administrative Committee rejects the compensation application if the claimant has used false or misleading means in order to secure the payment of compensation.

- 8.2. Upon completion of the aforesaid procedure, the ICF shall:
- (i) Issue a decision listing the clients of the Company, determining the amount of money each one of them is entitled to receive, and communicate it to the Commission and the Company within five (5) working days from its issue; and
  - (ii) Communicate to each affected client its decision the soonest possible from its issue.

## **9. DETERMINATION OF THE AMOUNT OF THE COMPENSATION PAYABLE**

- 9.1. 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 rules of setoff applied for the calculation of the claims between the covered Client and the Company.
- 9.2. 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 customer is a beneficiary, the currency and place of provision of these services.
- 9.3. The total payable compensation for the total claims of each covered Client of the Company is defined as the lower of the ninety percent (90%) of the cumulative covered claims of the covered client and twenty thousand Euro (EUR 20,000). For example, in the case of a client with balance of €21.000 who requested compensation from the ICF, only the amount of €18.900 will be paid to the client since the 90% of €21.000 (i.e. €18.900) is lower than €20.000
- 9.4. In the case of a joint investment business:
- (a) In the calculation of the coverage provided for in sub-paragraph 9.3 above, the share attributable to each covered investor shall be taken into account; and
  - (b) The claims shall be allocated equally amongst covered investors, unless there exist special provision, and without prejudice to section (c) below, each investor is provided with separate coverage pursuant to the provisions of sub paragraph 9.3 above.
  - (c) Claims relating to joint investment business to which two or more persons are entitled as members of a business partnership, association or grouping of a similar nature, which has no legal personality, shall, for the purpose of calculating the coverage provided for in sub-paragraph 9.3 above, will be aggregated and treated as if arising from an investment made by a single investor.
- 9.5. Where a covered client is not the ultimate beneficiary of the funds or financial instruments held by the Company:
- i. compensation shall be paid to the ultimate beneficiary if his identity is or may be established prior to the date of the determination or ruling referred to in Section 8.1 above.
  - ii. if the ultimate beneficiaries are more than one, in the calculation of the coverage provided for, the share attributable to each one of them according to the arrangements regulating the management of the funds or financial instruments shall be taken into account.