

SEPTEMBER 2019

INVESTOR'S COMPENSATION FUND POLICY

Volume 2

COMPLIANCE DEPARTMENT
BOGOFINANCE CAPITAL MARKETS LTD
UPDATED 10/09/2019

INTRODUCTION

Bogofinance Capital Markets Ltd (hereinafter referred to as the “Company”) is an Investment Firm incorporated in the Republic of Cyprus through the Department of Registrar of Cyprus and Official Receiver with incorporation number HE 350309. **FXJET** is owned as a trade name by Bogofinance Capital Markets LTD which is regulated by the Cyprus Securities and Exchange Commission (hereinafter referred to as the “CySEC”) with license number 321/17 and operated under the Markets in Financial Instruments Directive (EU Directive 2004/39/EC – MiFID) as in force and/or as this may be amended from time to time. The Company is a member of the Investor Compensation Fund (hereinafter referred to as the “Fund” or “ICF”) pursuant to section 17 of the Investment Services and Activities and Regulated Markets Law of 2007 (hereinafter referred to as the “Law”) as in force and/or as this may be amended from time to time, for Clients of Cypriot Investment Firms (hereinafter referred to as the “CIFs”) and other Investment Firms (hereinafter referred to as the “IFs”) which are not credit institutions. It is a legal obligation for CIFs and other IFs, which are not banks, to subscribe to the Fund. Any compensation provided to clients by the Fund shall not exceed the €20.000. The said coverage applies to the total amount of claims by an applicant against an ICF member, irrespective of the number of accounts, the currency and the place of provision of the service. This applies to clients’ aggregate claims against any CIF or other IF.

PURPOSE

The Fund was established under the IFs Law of 2002 as amended by the current Law and the Establishment and Operation of an Investor Compensation Fund for Clients of CIFs Regulations of 2004 (hereinafter referred to as the “Regulations”) as in force and/or as this may be amended from time to time, 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. The Fund has been operating since 30 May 2004.

The objective 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. All non-professional investor-client of an ICF member who is covered by the ICF for claims against such member, arising out of the covered services provided by the member, may apply for compensation. The applicant may be natural or legal persons, or a union of persons or a group of assets devoid of legal personality. Applicants need not be Cypriot citizens. Foreigners residing in Cyprus, as well as Cypriots or foreigners residing abroad, may also apply.

Failure denotes the inability of the Company:

- a) Either to 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) To 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.

FXJET is owned as a trade name by Bogofinance Capital Markets LTD which is regulated by the Cyprus Securities and Exchange Commission (CySEC) under the license number 321/17

.Address: Arch Makariou III Avenue 134, Yiota Court, Office 101, 3021 Limassol, Cyprus, P.O. Box 51181
Tel: +357 25 249000 **Fax:** +357 25 249009 **Email:** info@fxjet.com **Web:** www.fxjet.com

A member of the Fund should submit to the Fund or to CySEC a written statement declaring its failure to fulfil its obligations toward its clients:

- a) If the member of the Fund files an application for liquidation;
- b) 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.

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 (3) working days from the date of the invitation to set out such views. The payment of compensation by the Fund to the Clients of its members is subject to the existence of a well-founded claim by the Client against the member of the Fund.

COVERED INVESTMENT SERVICES

The Fund covers the following Investment Services:

- a) Reception and transmission, on behalf of investors, of orders in relation to one or more of the financial instruments;
- b) Execution of such orders, as listed in section (a), other than for own account.

Financial Instruments refer to the Financial Instruments in relation to which investment services are currently provided by the Company are the following:

- a) Transferable securities;
- b) Money-market instruments;
- c) Units in collective investment undertakings;
- d) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
- e) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event);
- f) Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market or/and an MTF;
- g) Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of Part II and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and settled through recognised clearing houses or are subject to regular margin calls;
- h) Derivative instruments for the transfer of credit risk;
- i) Financial contracts for differences;

FXJET is owned as a trade name by Bogofinance Capital Markets LTD which is regulated by the Cyprus Securities and Exchange Commission (CySEC) under the license number 321/17

.Address: Arch Makariou III Avenue 134, Yiota Court, Office 101, 3021 Limassol, Cyprus, P.O. Box 51181
Tel: +357 25 249000 **Fax:** +357 25 249009 **Email:** info@fxjet.com **Web:** www.fxjet.com

- j) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event), as well as any other derivative contract relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Part, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market or an MTF, are cleared and settled through recognised clearing houses or are subject to regular margin calls.

COVERED COMPANY CLIENTS

The Fund covers all Clients of the Company, always in relation to the above-named covered services, as and if applicable, except those who are included in the following categories of investors:

- I. The following categories of institutional and professional investors:
 - a. Investment Firms;
 - 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 (UCITS) and their Management Companies (ManCOs);
 - g. Social Insurance Institutions and Funds;
 - h. Investors characterized by the Company as professionals, upon their request;
- II. States and Supranational Organizations;
- III. Central, Federal, Confederate, Regional and Local Administrative Authorities;
- IV. Enterprises Associated with the Company. Associated Enterprises means Undertakings belonging to the same Group as well as natural persons who directly or indirectly control that Legal Entity/Person or its Parent Company, holding a minimum percentage of 20% of the share capital or voting rights;
- V. Managerial and Administrative staff of the Company;
- VI. 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;
- VII. 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 points I(e) and I(f) above herein;
- VIII. Second-degree relatives and spouses of the Legal Persons/Entities listed in points I(e) and I(f) and I(g) above herein, as well as third parties acting for the account of these persons;
- IX. 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 L188(I)/2007 as in force and/or as this may be amended from time to time, or Clients

FXJET is owned as a trade name by Bogofinance Capital Markets LTD which is regulated by the Cyprus Securities and Exchange Commission (CySEC) under the license number 321/17

.Address: Arch Makariou III Avenue 134, Yiota Court, Office 101, 3021 Limassol, Cyprus, P.O. Box 51181
Tel: +357 25 249000 **Fax:** +357 25 249009 **Email:** info@fxjet.com **Web:** www.fxjet.com

- 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;
- X. 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;
 - XI. In the cases of points I(e) and I(f) and I(g) and I(h) above herein, the Fund suspends the payment of compensation informing the interested parties accordingly, until it reaches a final decision as to whether such cases apply.

PRECONDITIONS FOR THE INITIATION OF THE COMPENSATION PAYMENT PROCEDURE BY THE FUND

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

- I. The CySEC has determined by Resolution that the Company is unable to meet such of its duties as arise 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
- II. A judicial authority has on reasonable grounds, directly related to the financial position of the Company, made a ruling which has the effect of suspending the Clients' ability to lodge claims against the Company.

Upon issuance of a decision by the CySEC or by the Court in accordance with points (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.

When can applications be lodged?

In all cases and provided one of the preconditions mentioned in sub-paragraph (1) of Paragraph 3 of the Directive is fulfilled, the claims must arise out of the investment services provided by the ICF members or the ancillary service of paragraph (1) of Part II of the Third Schedule of the Law, including the clients of branches of ICF members established in Member States. The ICF may also compensate investors to whom investment services or the ancillary service of paragraph (1) of Part II of the Third Schedule of the Law are provided, either through a branch of an ICF member which, albeit not established within the territory of the Republic, has a place of business therein and has subscribed to the ICF, or through an ICF member which, albeit having no place of business in the Republic, nevertheless provides the said services therein on a cross-border basis.

The ICF does not cover the applicants set out in the Second Schedule of the Directive, as well as applicants who may be covered but who apply to the ICF for compensation, in respect of claims against an ICF member who was a member of the ICF in relation to the covered services, after one year from the loss of membership status has elapsed. Furthermore, the ICF pays no compensation in respect of claims arising out of transactions involving individuals, convicted of a criminal offence for

the said transactions, pursuant to the Prevention and Suppression of the Legalisation of Proceeds from Illegal Activities Law of 2007 as in force and/or as this may be amended from time to time.

When is the compensation payment process initiated and what is the procedure followed?

Within a reasonable timeframe upon CySEC ascertaining either that an ICF member cannot fulfill its obligations arising out of clients' claims or, following a court ruling, issued on grounds of the financial situation of an ICF member, which has the effect of suspending the ability of the clients of the ICF member to lodge claims against the said member for the satisfaction of their claims, then CySEC issues a decision to initiate the compensation payment process by the ICF. Before reaching such decision, CySEC may invite the member of the ICF to set out its views within a short deadline, which cannot be less than three working days from such invitation. CySEC may, on certain conditions, extend by up to three (3) months the issue of the decision to initiate the compensation payment process by the ICF.

Publications by CySEC

CySEC publishes the information relating to its decision in the Official Gazette of the Republic and on its website. Following the decision to initiate the compensation payment process, the ICF publishes, in at least three newspapers of national coverage, an invitation to covered clients to submit their claims against the ICF member in respect of the covered services, designating the procedure for submitting the relevant applications, the deadline for the submission (being not less than five months and not greater than nine months from the publications) and their content, as provided in more detail in Part V of the Directive.

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:

- I. 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;
- II. the deadline for the submission of compensation applications, which cannot be less than five months and greater than nine months from the last publication;
- III. the mode and address of submission of applications;
- IV. 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.

In exceptional cases, followed by an announcement published in at least three newspapers of national coverage, the ICF may extend the deadline for the submission of compensation applications by up to three months. Compensation applications must include -

- I. the applicant's name;
- II. the applicant's address, telephone and fax numbers, and email address, if any;
- III. the applicant's client code with the ICF member;
- IV. the particulars of the covered services agreement between the ICF member and the applicant;
- V. the type and amount of the alleged claims; and

FXJET is owned as a trade name by Bogofinance Capital Markets LTD which is regulated by the Cyprus Securities and Exchange Commission (CySEC) under the license number 321/17

.Address: Arch Makariou III Avenue 134, Yiota Court, Office 101, 3021 Limassol, Cyprus, P.O. Box 51181
Tel: +357 25 249000 **Fax:** +357 25 249009 **Email:** info@fxjet.com **Web:** www.fxjet.com

- VI. evidence giving rise to the alleged claims and their amount.

The ICF may request additional information through a relevant publication in at least three newspapers of national coverage and the Official Gazette of the Republic.

How to submit an application to the Fund

An application to the ICF may be submitted in one of the following two ways:

- I. By filling in the online application form which can be found on the website of CySEC at <http://www.cysec.gov.cy/en-GB/complaints/tae/application/> ;
- II. By submitting a simple letter to the offices of the ICF, accompanied by all supporting evidence.

The letter/application may:

- I. be sent by post to the following address:
Investor Compensation ICF for IF Clients, 19 Diagorou Str., 1097 Nicosia, Cyprus.
- II. be delivered by hand to the offices of the ICF, at the following address: Investor Compensation ICF for IF Clients, 19 Diagorou Str., 1097 Nicosia, Cyprus.

When submitting an application to the Fund, make sure to include at least the following information:

Particulars of the applicant (name, address, Identity Card / Passport No., telephone and fax numbers and email address).

- III. The name of the ICF member against which the application is submitted and the client code and/or the applicant's investment account Number.
- IV. Copy of the covered services agreement between the ICF member and the applicant.
- V. The type and amount of alleged claims by the applicant.
- VI. the exposition of the particulars from which the alleged claims of the claimant and their amount are derived.
- VII. Copy of the statement of account from the transactions platform that you used.
- VIII. Copy of the statement of deposits and withdrawals from the account held with the ICF member.
- IX. Copies of documents that prove the applicant's deposits to the ICF member (e.g. swift transfers, deposit orders, debit advice etc).
- X. Description of the facts and evidence giving rise to the alleged claims by the applicant and the amount of such claims with specific references to actions or omissions of the ICF member.
- XI. Any other evidence or supporting documents to demonstrate that the applicant is entitled to apply for compensation.
- XII. Reference and copies of any correspondence with the ICF member concerned.
- XIII. Written confirmation that the information included in the application/letter as well as all the documents accompanied it are correct and true.

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.

FXJET is owned as a trade name by Bogofinance Capital Markets LTD which is regulated by the Cyprus Securities and Exchange Commission (CySEC) under the license number 321/17

.Address: Arch Makariou III Avenue 134, Yiota Court, Office 101, 3021 Limassol, Cyprus, P.O. Box 51181
Tel: +357 25 249000 **Fax:** +357 25 249009 **Email:** info@fxjet.com **Web:** www.fxjet.com

Interruption of deadline for submission of applications

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

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.

Decision-making of the Administrative Committee on submitted applications

Upon submission of an application by a claimant the Administrative Committee has control especially if:

- ❖ the claimant falls within the category of covered clients;
- ❖ the application was timely submitted;
- ❖ the conditions of legislation and of this Policy 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, at least one of the following reasons exists:

- 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 and decides on the applications submitted to the Fund determining the amount of the compensations for each covered client-claimant.

FXJET is owned as a trade name by Bogofinance Capital Markets LTD which is regulated by the Cyprus Securities and Exchange Commission (CySEC) under the license number 321/17

.Address: Arch Makariou III Avenue 134, Yiota Court, Office 101, 3021 Limassol, Cyprus, P.O. Box 51181
Tel: +357 25 249000 **Fax:** +357 25 249009 **Email:** info@fxjet.com **Web:** www.fxjet.com

Deadline and procedure relating to the payment of compensation

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.

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.

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.

Effects of payment of compensation

The payment of any compensation by the Fund entails ipso jure (i.e., by the law itself) 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.

Before submitting any application to the ICF, applicants should study the relevant provisions of the Law and the Directive. The existence of a valid claim by the applicant is a basic precondition for receiving the compensation.

Finally, the ICF may demand from any applicant to whom compensation was paid to return such compensation, if it establishes a posteriori (relating to or derived by reasoning from observed facts) that there was a reason to reject the application in accordance with the provisions of the Directive.

COMMUNICATING WITH THE COMPANY

Queries and/or questions regarding the Fund should always be addressed in writing to FXJET FAQ of the CSU Department.

For any further information regarding the Fund, please contact us at:

FXJET

Address: Arch Makariou III Avenue 134, Yiota Court, Office 101, 3021 Limassol, Cyprus, P.O. Box 51181.

Phone: 00357 25 249000

Fax: 00357 25 249009

E-mail: compliance@fxjet.com

COMMUNICATING WITH THE FUND

For the offices of the Administrative Committee of the Fund, at the following address:

Administrative Committee of the Investor Compensation Fund for Clients of CIFs and other IFs

Address: Investor Compensation ICF for IF Clients, 19 Diagorou Str., 1097 Nicosia, Cyprus.

Phone: 00357 22 506 600

Fax: 00357 22 506 700

E-mail: investmentfirms@cysec.gov.cy

ANNUAL REVIEW/UPDATE OF THE POLICY

The Company reserves the right to amend its policies at any time by making them public on its official website. Policies shall be reviewed/amended annually and/or as and when it is deemed necessary by Regulatory Authorities and the Compliance Officer and further approved by the Board of Directors. The client consents and agrees that the latest versions of any of the Documentation and/or Policies published on the Company's official website shall prevail. Additional information and/or clarifications in relation to this policy and/or this document is available upon explicit written request. Should a Client and/or prospective client has further questions in relation to conflicts of interest he/she may direct his/her questions to the Company's via e-mail at: compliance@fxjet.com.