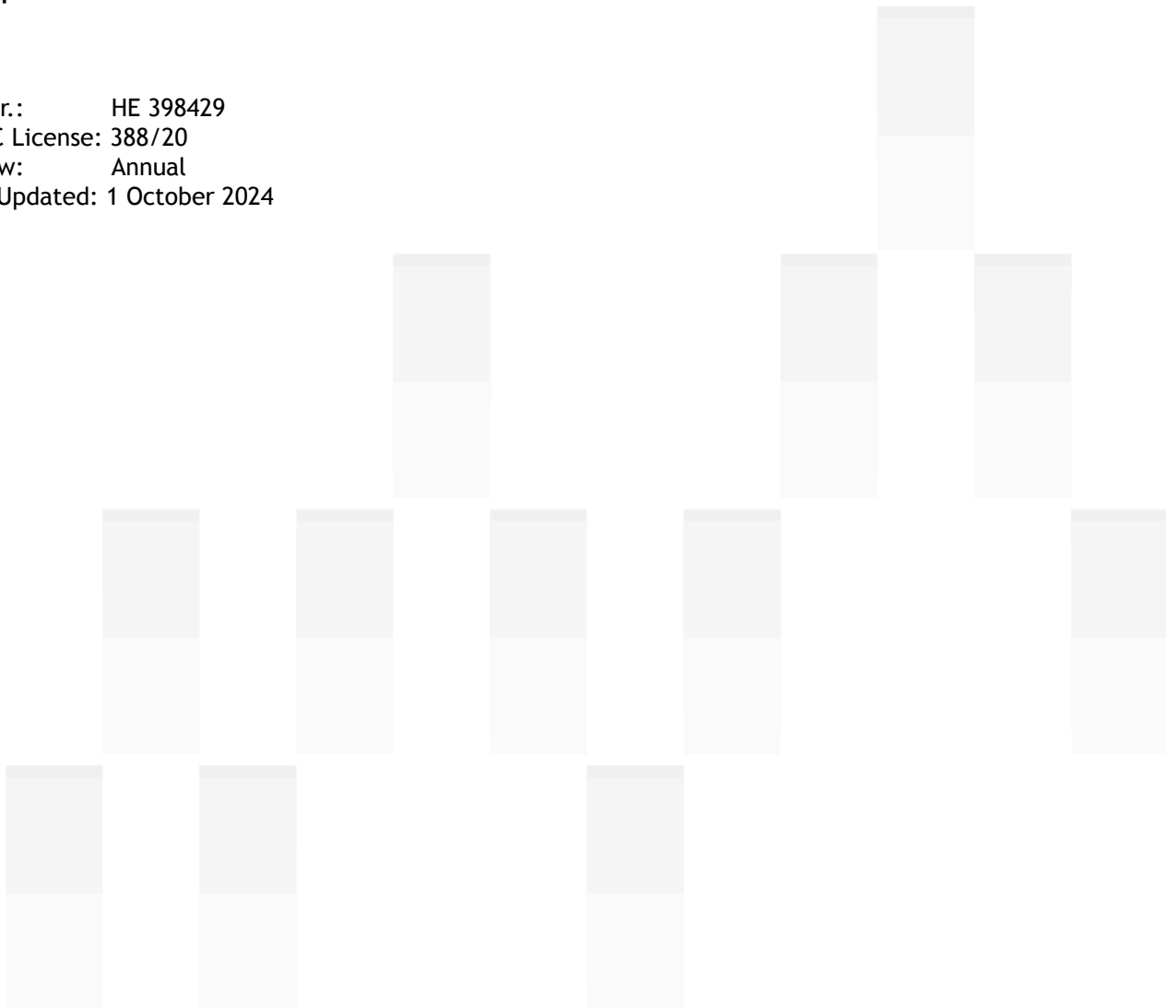


# Investor Compensation Fund Information

Pepperstone EU Limited

Reg Nr.: HE 398429  
CySEC License: 388/20  
Review: Annual  
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# 1. Introduction

Pepperstone EU Ltd (“Pepperstone”, “we”, “us”, “our”, “the Company”) is a member of the Investor Compensation Fund (“ICF”) for the clients of Cyprus Investment Firms (“CIFs”), whose competences and operations are regulated by the provisions of the of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law 87(I)/2017, as updated, replaced and amended from time to time (“the Law”) and Directive DI87-07 of the Cyprus Securities and Exchange Commission (“CySEC”) for the operation of the Investors Compensation Fund as amended from time to time (“the Directive”).

As per the ICF Directive:

“Fund members shall inform their clients at least in Greek or in English of:

- (a) the coverage provided by the Fund;
- (b) the covered clients;
- (c) the maximum amount of the compensation payable to clients for their total claims;
- (d) the conditions and formalities for the payment of compensation.

## 2. Purpose

The purpose of the ICF is to secure investors’ claims against ICF members by enabling the payment of compensation, provided that the necessary preconditions are fulfilled.

The Fund covers claims arising due to a member’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, in accordance with the legal and contractual conditions applicable.

## 3. Covered Clients and Services

**Covered clients:** Applicants may be natural or legal persons, or union of persons, or group of assets devoid of legal personality who are our clients. All our retail clients may apply for compensation, provided the services at the subject of the claim are within the ICFs coverage.

**Non-Covered Clients:** As per the Second Schedule of the ICF Directive the Fund shall not compensate the following investor categories:

1. investment firms;
2. legal entities associated with Pepperstone and, in general, belonging to the same group of companies;
3. banks;
4. cooperative credit institutions;
5. insurance companies;
6. collective investment organizations in transferable securities and their management companies;

7. social insurance institutions and funds;
8. professional clients;
9. supranational institutions, government and central administrative authorities;
10. provincial, regional, local and municipal authorities;
11. enterprises associated with us;
12. our managerial and administrative staff;
13. shareholders of who hold (directly or indirectly) at least 5% of our share capital, our partners who are personally liable for our obligations, or our financial auditors;
14. investors in enterprises connected with us and, in general, of our group of companies, positions or duties corresponding to the ones listed in points 12 and 13 above;
15. second-degree relatives and spouses of the persons listed in points 12, 13 and 14, as well as third parties acting for the account of these persons;
16. those of our clients responsible for facts about us that have caused our financial difficulties or have contributed to the worsening of our financial situation or which have profited from these facts;
17. 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 Cyprus Companies Law, Cap. 113, or a corresponding law of a Member State of the European Union.
18. investors that are either convicted or pending criminal proceedings against of a criminal offense under the Prevention and Suppression of Money Laundering Activities Law of 2007 as amended from time to time, or their rights for coverage have been extinguished under the Limitation of Offenses Act (as per Section 5 (d) (e) and (f) of this document).

**Covered Services:** are the investment services listed on the Company's license, issued by the Cyprus Securities and Exchange Commission.

## 4. Payable Compensation

The amount of the claim of a covered client is calculated based on legal and contractual conditions, in particular those relating to offsetting and counterclaims, that are applicable to the assessment on the date of the initiation of the compensation payment procedure of the amount of the funds or value determined with reference to the market value, where possible, of the financial instruments belonging to the covered client and which such funds or instruments, the Fund member fails to repay or return, respectively.

The calculation of the compensation payable arises from the sum of the total established claims of the covered client against the Company, from all covered services provided by the Company and regardless of the number of accounts of which it is the beneficiary, the currency and place, where such services are provided within the European Union. (i.e. the ICF coverage applies to the total amount of claims by an applicant against us, irrespective of the number of accounts, the currency and the place where the service was provided).

The maximum limit of coverage will be either the 90% of the cumulative covered claims of the covered client, or the amount of €20,000, whichever is lower. Therefore coverage = Min (90%\*total claimed amount, €20,000).

Compensation shall be paid in Euro, and, where the funds and/or financial instruments are expressed in a currency other than the Euro, the exchange reference rate of the said currency against the Euro

fixed by the European Central Bank at the end of the day on which the compensation payment procedure was activated, shall be used.

## 5. Compensation Payment Conditions

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

- a) the initiation of the compensation payment procedure by the ICF;
- b) the existence of a valid claim by a covered client against the Company, which derives from an investment operation;
- c) the submission of an application form as prescribed in Directive DI87-07 of the Cyprus Securities and Exchange Commission;
- d) 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 as amended from time to time;
- e) there are no pending criminal proceedings against the said covered client for money laundering as defined in the Prevention and Suppression of Money Laundering Activities Law as amended from time to time;
- f) the right of a covered client has not been extinguished under the Limitation of Offenses Act.

## 6. Compensation Payment Procedure

The ICF shall initiate the compensation payment procedure when:

- a) the ICF has determined that Pepperstone appears, for the time being, for reasons directly related to its financial circumstances, to be unable to meet its obligations arising out of investors' claims and has no early prospect of being able to do so.
- b) A Court of the Republic has made a ruling, for reasons directly related to Pepperstone's financial circumstances, which has the effect of suspending investors' ability to make claims against it.

The CySEC shall issue its decision for the initiation of the compensation payment procedure by the ICF within a reasonable time and publish the relevant information on its website. Upon initiation of the compensation payment procedure, the Fund shall publish as soon as possible in at least two 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. The said publication shall be communicated immediately to the CySEC, which shall post the publication on its website.

In exceptional and justified cases, the Fund, with an announcement thereof, may extend the deadline for the submission of compensation applications up to three months, provided it obtains the approval of the CySEC. The said announcement shall be published by the Fund in at least two national newspapers, and the CySEC shall publish it on its website.

### **Upon completion of the procedure for the examination of the applications, the Fund:**

- (a) issues a decision listing the clients of the Company, determining the amount of money each one of them is entitled to receive, and communicates it to the CySEC and the Company within five working days from its issue; The said decision also lists those clients to whom no compensation shall

be paid, and the reasons for this;

(b) communicates to each affected client its decision the soonest possible from its issue.

The claimant to whom the Fund communicates its decision, may, in case of disagreement, submit an objection in writing to the Cyprus Securities and Exchange Commission, within one month from the date on which the decision was notified, justifying its objection sufficiently. The objection shall be submitted at [info@cysec.gov.cy](mailto:info@cysec.gov.cy) and entitled "**Objection to the decision of the ICF**".

The CySEC in the context of examining an objection may request from the Fund, and/or the Fund member and/or the claimant to submit information and particulars; and conduct any investigation.

The CySEC must conclude the examination of the objection within forty-five (45) days and in case that identifies an error in the evaluation carried out by the Fund, it shall request in writing from the Fund to immediately rectify the mistake and pay the claimant the correct amount, and inform the affected client accordingly.

The Fund is obliged to pay to each covered client/claimant the compensation that he is entitled to within three (3) months from the date that the decision was communicated to the covered client. In extraordinary and justified circumstances, the Fund may request from the CySEC an extension of the said deadline. The said extension may not exceed three (3) months.

The payment of the compensation by the Fund is deposited to a bank account of the covered client designated by the latter in writing to the Fund.

## 7. Further Information

For further information about the Investor Compensation Fund, please refer to the following CySEC link <https://www.cysec.gov.cy/en-GB/complaints/tae/>



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