

Investor Compensation Fund 'ICF'



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1. Introduction

The Website of Nessfx.com is owned and operated by FXNET Limited. FXNET Limited (the 'Company') is a Cypriot Investment Firm (CIF) which is authorized and regulated by the Cyprus Securities and Exchange Commission ('CySEC'), under license number 182/12, incorporated and registered under the laws of the Republic of Cyprus (Certificate of Incorporation No. 300624), registered office at 4 Theklas Lysiotti St, Harmony House, Office 31, 3rd floor, 3030 Limassol, Cyprus.

2. Scope

- 2.1** The main purpose of the Investor Compensation Fund (the 'ICF') for clients of Cypriot Investment Firms is to secure the claims of the 'Covered Clients' against Cypriot Investment Firms, in situations where the latter is unable to meet such of its duties as arise from its Clients' claims in connection with the investment services or the ancillary services it has provided, as long as such inability is directly related to its financial circumstances in respect of which no realistic improvement in the near future seems foreseeable.
- 2.2** Pursuant to section 17 of the Investment Services and Activities and Regulated Markets Law of 2007 (the 'Law'), "A Cypriot Investment Firm ('CIF') must be a member of the Investment Compensation Fund ('ICF')". According to section 58 of the Law, a CIF is not allowed to provide investment services without participating in the Investors Compensation Funds.

3. Application

- 3.1** The Fund compensates the covered clients for 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 a member to fulfill its obligations consists of its failure:
- i. Either to 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 framework of the provision by the said member to the said Clients of covered services, and which the latter requested the member to returns, in exercise of their relevant right;
 - ii. Or to hand over the covered Clients' financial instruments which belong to them and which the member of the Funds holds, manages or keeps on their account, including the case where the member is responsible for the administrative management of the said financial instruments.

4. The Management of IFC

4.1 In accordance with the Law, the management of the ICF, which includes their administration and representation, is exercised by an Administrative Committee consisting of five members, who must be of acknowledged authority and morals and have the necessary knowledge on financial or accounting or bank issues or issues of the capital market to discharge their duty.

5. Covered Clients

5.1 The ICF covers Retail Clients of the Company. It does not cover Clients categorized as Professional nor Eligible Counterparties.

5.2 Additionally, the legal framework provides that persons who are subject to an ongoing criminal investigation in accordance with the provisions of Prevention and Suppression of Money laundering Activities Law of 2007, as amended from time to time, are not eligible to receive any compensation.

5.3 Subject of provisions of subsection (2) of Paragraph 3 of the Directive, the ICF does not compensate the following investor categories:

1. Credit Institutions;
2. IFs;
3. Other authorized or regulated financial institutions;
4. Insurance undertakings;
5. Collective investment schemes and management companies of such schemes;
6. Pension funds and management companies of such funds;
7. Commodity and commodity derivatives dealers;
8. Locals;
9. Other institutional investors;
10. Large undertakings meeting TWO of the following size requirements, on proportional basis:
 - Balance sheet total at least 20 000 000 euro;
 - Net turnover at least 40 000 000 euro;
 - Own funds at least 2 000 000 euro;
11. National and regional governments, public bodies that manage public debt, central banks, international and supranational institutions such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organizations;
12. Other institutional investors whose main activity is to invest in financial instruments including entities dedicated to the securitization of assets or other financing transactions;
13. Administrative officers and directors of Ifs and persons closely linked;
14. Undertakings connected to any IF which has become insolvent.

6. Covered Services

6.1 The ICF shall compensate all Clients of any of its members established in the Republic in respect of claims arising out of the investment services they provide as well as ancillary services.

6.1.1 The Client may find the list of Investment and ancillary services provided by the Company in the Terms and Conditions of Use.

7. Amount of Compensation

7.1 In accordance with Article 56 of the Investment Firms (IF) Law of 2002 to (No.2) of 2004, the compensation shall be of an amount of up to Twenty Thousand Euro (20.000). "Such compensation shall apply to the investor's aggregate claims as against a member of an ICF, irrespective of the number of accounts held, the currency and location of the provision of service".

8. Procedure

8.1 The ICF will secure the claims of Covered Clients, provided that one of the following preconditions is fulfilled:

- i. The Cyprus Securities and Exchange Commission (the 'CySEC') has determined by resolution that the Company is unable to meet any duties that arise from client's claim in connection to investment or ancillary services and there is no foreseeable realistic prospect of improvement in the near future; or
- ii. A court has, on reasonable grounds, directly related to the financial circumstances of the Company and issued a ruling which has the effect of suspending the client's ability to lodge claims against the investment firm.

8.2 Where a decision has been made (either by the court or CySEC) to pay compensation, the ICF shall publicize, in at least three (3) national newspapers, an invitation directed to the Covered Clients to submit any claim against the Company.

8.3 Each Covered Client who is willing to submit a claim against the Company shall do so in writing and directly to ICF.

8.4 The ICF has a right to refuse the claim if, inter alia:

- i. The Client submitted false documentation,
- ii. The Client has suffered damage as a result of his/her own contributory negligence or as a result of an offence committed by the Client

8.5 Once assessment of claims is completed, the ICF publicizes minutes which document the clients of the Company who are eligible to receive compensation as well as the amount of money they are eligible to receive. The CySEC shall be provided with the copy of minutes within five (5) working days from the date of its publication.

8.6 Each eligible Client shall be notified within fifteen (15) working days from the date of issuance of such decision, of the amount he/she is eligible to receive.