



# **Investor Compensation Fund Policy**

Stratos Europe Limited



## 1. Overview

Stratos Europe Limited (trading as "Tradu") is a Cyprus Investment Firm ("CIF") registered with the Cyprus Department of Registrar of Companies (HE 405643) and authorised and regulated by the Cyprus Securities and Exchange Commission ("CySEC") under license number 392/20. Registered address: DOMS Assets Business Centre, 33 Neas Engomis Street, 2409 Engomi, Nicosia, Cyprus.

Stratos Europe Limited.

In accordance to the Investment Services and Regulated Market Law of 2017 (Law number: 87(I)/2017) and Directive DI87-07 for the operation of the investors compensation fund as amended the Firm holds membership of the Investor Compensation Fund ("the Fund" or "ICF") for the Clients of Cyprus Investment Firms.

The purpose of the ICF is to secure the claims of the covered clients against the Company through the payment of compensation, in particular, the ICF is to guarantee compensation in the case of recovery actions of the covered Clients against CIFs (which are members of the ICF) where the CIF concerned is unable, due to its financial situation and when no foreseeable outlook of improvement in the above-mentioned situation in the future appears possible to: return the owed funds to covered Clients or the funds which belong to covered Clients which are held by the CIF in relation to the provision of investment services to the said Clients; or to return to covered Clients financial instruments which belong to them and which the CIF in question holds or manages on their behalf.

## 2. Non-Covered Clients

Under the applicable Law and Directive, the ICF does not compensate the following investor categories:

- (a) The following categories of institutional and professional investors:
  - (i) Investment Firms (IFs);
  - (ii) Legal entities associated with the member of the ICF and, in general, belonging to the same group of companies;
  - (iii) Banks;
  - (iv) Cooperative credit institutions;
  - (v) Insurance companies;
  - (vi) Collective investment organizations in transferable securities and their management companies;
  - (vii) Social insurance institutions and funds;
  - (viii) Investors characterized by the CIF as professionals, upon their request, in accordance with Paragraph B of the Second Schedule of the Law.
- (b) States and supranational organizations.
- (c) Central, federal, confederate, regional and local administrative authorities.

- (d) Enterprises who have close ties with Fund members, as per the interpretation of the term 'close ties' in Section 2(1) of the Law.
- (e) Managerial and administrative staff of the member of the Fund.
- (f) Shareholders of the member of the Fund, whose participation directly or indirectly in the capital of the member of the Fund amounts to at least 5% of its share capital, or its partners who are personally liable for the obligations of the member of the Fund, as well as persons responsible for the carrying out of the financial audit of the member of the Fund as provided by the Law, such as its qualified auditors.
- (g) Investors having in enterprises connected with the member of the Fund and, in general, of the group of companies, to which the member of the Fund belongs, positions or duties corresponding to the ones listed in paragraphs (5) and (6) of the Second Schedule of the Law.
- (h) Second-degree relatives and spouses of the persons listed in paragraphs (5), (6) and (7) of the Second Schedule of the Law, as well as third parties acting for the account of these persons.
- (i) Investors-clients of a member of the Fund responsible for facts pertaining to the member of the Fund that have caused its financial difficulties or have contributed to the worsening of its financial situation or which have profited from these facts.
- (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.
- (k) Other firms in the same group.

In the cases of paragraphs (e), (f), (g), (h) and (j), the ICF suspends the payment of compensation informing the interested parties accordingly, until it reaches a final decision as to whether such cases apply.

Also, it is noted that the Fund shall not pay any compensation in respect of claims arising out of transactions involving a client who has been convicted of a criminal offence under the Prevention and Suppression of Money Laundering Activities Law of 2007, as amended from time to time.

### 3. Coverage – Amount of Compensation

- 3.1 The calculation of the compensation payable shall arise from the sum of the total established claims of the covered client against the Fund member, arising from all covered services provided by the member 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.
- 3.2 The maximum amount of compensation that may be paid to a covered client of the Company will be either the 90% of the cumulative covered claims of the covered investor, or the amount of €20.000, whichever is lower.
- 3.3 In the case of joint investment business:
  - (a) in the calculation of the coverage provided for in subparagraph (2), the share attributable to each covered investor shall be taken into account;
  - (b) the claims shall be allocated equally amongst covered investors, unless there exist special provisions, and without prejudice to section (c), each investor is provided with separate coverage pursuant to the provisions of subparagraph (2);

- (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 subparagraph (2), be aggregated and treated as if arising from an investment made by a single investor;
- 3.4 Where a covered client is not the ultimate beneficiary of the funds or financial instruments held by the member:
- (a) 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 paragraph below (4);
  - (b) 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.
- 3.5 The currency in which compensation is paid to investors shall be the Euro. Where the funds and/or financial instruments are expressed in a currency other than the Euro, for purposes of calculation of the compensation amount, 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 has been initiated shall be used.
- 3.6 The compensation is per covered client per Company. If you have more than one account with Stratos Europe Limited, under one or more of our brands, you will only be able to claim up to the statutory amount.

## 4. Compensation Payment Process

- 4.1 The ICF compensates the covered Clients for claims arising due to the Company's failure to:
- (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;
- 4.2 In addition it should be noted that the amount of the claim of a covered client shall be 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 Company fails to repay or return, respectively.

## 5. Conditions for the Payment of Compensation

The payment of compensation by the Fund 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 an investment operation;
- (c) the submission in time of a duly completed application form accompanied by the necessary supporting documents;

- (d) the claims do not arise from transactions in connection with which there has been a criminal conviction for money laundering as defined in the Prevention and Suppression of Money Laundering Activities Law of 2007;
- (e) no criminal proceedings are pending against a covered client for money laundering as defined in the Prevention and Suppression of Money Laundering Activities Law of 2007;
- (f) the right of the covered client has not been limited/time-barred by the limitation of actionable rights law.

Upon submission of the compensation applications, the Administrative Committee will examine whether the condition of points (a) to (f) above are fulfilled.

## 6. Objection to the ICF's Decision

The claimant to whom the Fund communicates its decision, may object in case it disagrees with the Fund's decision, within a deadline of one (1) month from the communication of the decision, by informing CySEC, justifying sufficiently his/her objection. The objection must be submitted to CySEC via email at [info@cysec.gov.cy](mailto:info@cysec.gov.cy), with subject "objection to the ICF's decision".

CySEC, in the context of examining an objection may:

- (a) request from the Fund, the Company and the claimant to submit information and particulars;
- (b) conduct any investigation required.

CySEC shall conclude the examination of the objection within forty-five (45) days and in case that it identifies an error/mistake in the evaluation made by the Fund, CySEC shall require the Fund to rectify the mistake and pay to the claimant the correct amount of compensation.