

# Investor Compensation Fund Information

Company:	Afterprime Europe Limited Reg.
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## 1. General

Afterprime Europe Limited (“**We**”, “**Us**”, “**Our**”, “**Afterprime**”, the “**Company**”) is a member of the Investor Compensation Fund (“ICF”) for the Clients of Cyprus Investment Firms (“CIFs”), under the Investment Services and Activities and Regulated Markets Law of 2017 L. 87(I)/2017 (“the Law”) and the Directive DI87-07 of the Cyprus Securities and Exchange Commission for the operation of the Investors Compensation Fund (“the Directive”).

## 2. Objective

The objective of the ICF is to secure claims of the covered Clients against members of the ICF, through the payment of compensation in cases where the member concerned is unable to meet its obligations arising out of investors' claims, 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, where failure by the member of the ICF to repay the funds owed to covered clients or belonging to them and held on their behalf in connection with investment operations or 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 legislation and the terms which govern its agreement with the covered Client and

## 3. Covered Services

ICF shall compensate any Cover Client of the Company in respect of a claim arising out of a Covered service, meaning any investment or ancillary service(s) provided at the time by the Company and presented at <https://www.cysec.gov.cy/en-GB/entities/investment-firms/cypriot/80771/>.

## 4. Covered Clients

The ICF covers only Retail Clients of the Afterprime. It does not cover Professional Clients and Eligible Counterparties. For more details see Section 5 below.

## 5. Non-Covered Clients

Under Applicable Regulations, the ICF does 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, in general, belonging to the same group of companies;

- Banks;
  - Cooperative credit institutions;
  - Insurance companies;
  - Collective investment organisations in transferable securities and their management companies;
  - Social insurance institutions and funds;
  - Investors characterised by the Company as professionals, upon their request.
- (b) States and supranational organizations.
- (c) Central, federal, confederate, regional and local administrative authorities.
- (d) Enterprises associated with the Company.
- (e) Managerial and administration staff of the Company.
- (f) 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 qualified auditors.
- (g) 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 sub-paragraphs (e) and (f) of this paragraph.
- (h) Second-degree relatives and spouses of the persons listed in sub-paragraphs (e), (f) and (g) of this Section as well as third parties acting for the account of these persons.
- (i) 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.
- (j) Investors in the form of a company which, due to its size, are 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.
- (k) Investors that are either convicted or pending criminal proceedings against of a criminal offence under the provisions of the Prevention and Suppression of the Legalisation of Proceeds from Criminal Activities Law of 2007, as amended from time to time or replaced.

## **6. 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 Fund member, which derives from an investment operation;
- c) the submission of an application form as prescribed in the Directive;
- 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 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 as amended from time to time
- f) The right of a covered client has not been extinguished under the Limitation of Offenses Act.

## **7. Compensation Payment Process**

The ICF shall initiate the compensation payment process in one of the following situations:

- (a) The Cyprus Securities and Exchange Commission (CySEC) has determined by resolution that the Company is unable to meet its obligations arising from its Clients' claims in connection with the investment services it has provided, as long as such inability is directly related to its financial circumstances with respect to which no realistic prospect of improvement in the near future seems foreseeable, and has issued its decision on the commencement of the compensation payment procedure by the ICF as well as has published the said decision in the Official Gazette of the Republic of Cyprus as well as on its website on the Internet. CySEC can issue such decision when at least one of the following preconditions is fulfilled:
  - (i) The Company submits to the ICF or to CySEC a written statement declaring its failure to fulfil its obligations towards its Clients; or
  - (ii) The Company files an application for liquidation in accordance with the provisions of Part V of the Companies Law of the Republic of Cyprus; or
  - (iii) CySEC has revoked or suspended the Company's authorization to provide investment services and ascertains that the Company 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.
- (b) A Court of the Republic has made a ruling, for reasons directly related to a member financial circumstances, which has the effect of suspending the investors' ability to make claims against it.

Upon issuance of a decision to initiate the compensation payment process by a Court or by CySEC, the ICF publishes, in at least two (2) newspapers of national coverage, an invitation to the covered Clients to make their claims against the Company. The invitation outlines the procedure for submission of the relevant compensation applications, including the deadline for submission and the content of such applications.

The compensation applications of covered Clients with which they make their claims against the Company are submitted to the ICF in writing and must include:

- 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;

The type and amount of the alleged claims of the claimant-Client;

VI. The exposition of the particulars from which the alleged claims of the claimant-Client and their

VII. amount are delivered;

Any other information the ICF might or will request.

Upon submission of the compensation applications, the Administrative Committee shall examine the applications and decide whether the compensation payment conditions are fulfilled or not.

The Administrative Committee rejects the compensation application in case the claimant-Client does not fulfil the conditions referred to Section 6 above, or if at the Administrative Committee's discretion, at least one of the following reasons exists:

- I. The claimant-Client used fraudulent means in order to secure the payment of compensation by the ICF, especially if it knowingly submitted false evidence;
- II. 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.

Upon completion of the procedure and the valuation, the ICF shall:

- I. Issue minutes listing the Clients of the Company which are compensation beneficiaries along with the amount of money each one of them is entitled to receive, and, communicates it to CySEC and the Company within five (5) working days from its issue. The said decision shall also list those clients to whom no compensation shall be paid, and the reasons for this.
- II. Communicates to each affected Client its finding and 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 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"

## **8. Amount of Compensation**

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.

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.

The maximum payable compensation to each covered Client of the Company shall be equal to twenty thousand Euros (EUR 20,000), or 90% of the covered investor's claim, whichever is lower, irrespective of the number of accounts held, currency and place where such services are provided within the European Union.

In the case whereby beneficiaries of a joint account of the Company are in their majority covered

Clients:

- (a) the maximum amount payable to all co-beneficiaries of the account comes up to the 90% of the covered account's claim or equal to the amount of twenty thousand Euros (EUR 20,000), whichever is lower; and
- (b) the compensation is fixed on the whole for all co-beneficiaries of the joint account and is divided amongst them, in the way determined in the agreement between the co-beneficiaries and the Company; otherwise, in the absence of such agreement, it is divided equally amongst them.

In the case where 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, may, for the purpose of calculating the limits of compensation, be aggregated and treated as if arising from an investment made by a single investor.

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.



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