

## NinjaTrader

by Payward Europe Digital Solutions (CY) Limited

## Investor Compensation Fund Policy

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## 1. Introduction

In line with the provisions of Directive 97/9/EC of the European Parliament and of the Council of 3 March 1997 on investor-compensation schemes as amended, replaced or repealed from time to time and section 15 of the Investment Services Law L 87(I)/2017, as amended, replaced or repealed from time to time, (the “Law”), Payward Europe Digital Solutions (CY) Limited (“PEDSL-CY”) (the “Company”), offering investment services under the trade name “NinjaTrader” is a member of the Investor Compensation Fund (hereafter the “Fund” or “ICF”) for customers of Cyprus Investment Firms (CIFs), which was established under the Investment Firms Law L. 144(I)/2007 and operates under the provisions of Directive DI87-07 for the operation of the ICF of the Cyprus Securities and Exchange Commission (the “Commission”).

The object 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 fulfill its obligations has been ascertained.

## 2. Non-covered Clients

The Fund covers the clients of the Company, except those belonging into the following categories:

- 1) Institutional and professional investors:
  - a) IFs
  - b) legal entities associated with the member of the Fund and, in general, belonging to the same group of companies
  - c) banks
  - d) cooperative credit institutions
  - e) insurance companies
  - f) collective investment undertakings in transferable securities and their management companies
  - g) social insurance institutions and funds
  - h) investors characterized by the member as professionals, upon their request, pursuant to the provisions of paragraph B of the Second Schedule of the Law.
- 2) Supranational institutions, government and central administrative authorities.
- 3) Provincial, regional, local and municipal authorities.
- 4) Enterprises that have close ties with the Fund member as the term «close ties» is construed in Article 2(1) of the Law.
- 5) Managerial and administrative staff of the member of the Fund.

- 6) 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, such as its qualified auditors.
- 7) 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).
- 8) Up to second-degree relatives and spouses of the persons listed in paragraphs (5), (6) and (7), as well as third parties acting for the account of these persons.
- 9) Investor-clients of a Fund member 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.
- 10) Other firms in the same group.
- 11) 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.

*In the cases of paragraphs 5), 6), 7), 8) and 10), the Fund shall suspend the payment of compensation informing the interested parties accordingly, until it reaches a final decision as to whether such cases apply.*

## 3. Covered Services

'Covered Services' are the investment services, for the provision of which the Company is authorised under its licence with number 342/12, as issued by the Commission and as listed in the [electronic register maintained by the Commission on its website](#).

## 4. Compensation of Covered Clients

### Covered Claims

The Fund covers claims arising due to a member's failure:

- to repay the funds owed to covered clients or belonging to them and held on their behalf in connection with investment operations, or
- to return to covered clients any financial instruments belonging to them and held, managed or administered on their behalf in connection with investment operations.

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 of the Fund member and which the Fund member fails to repay or return, respectively. Note that the covered amount may not exceed 20,000 EUR.

## Preconditions for the initiation of the compensation payment procedure by the Fund

The Fund will initiate the compensation payment procedure when:

- (a) the Commission has determined that a member 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 a member's financial circumstances, which has the effect of suspending investors' ability to make claims against it.

The Commission will issue its decision for the initiation of the compensation payment procedure by the Fund within a reasonable time and will publish the relevant information on its website.

## Procedure relating to the invitation of covered clients to submit applications

Upon initiation of the compensation payment procedure, the Fund will 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 as defined below.

The publication will contain at least:

- (a) the name and address of the headquarters and the trade name of the involved Fund member;
- (b) the deadline for the submission of the compensation applications, which cannot be less than five months or more than nine months from the date of initiation of the compensation payment procedure, or from the date of its publication;
- (c) the mode of submission of applications; and
- (d) the address and/or website through which covered clients may obtain the relevant claim form provided by the Fund.

The publication will be communicated immediately to the Commission, 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 Commission. The said announcement will be published by the Fund in at least two national newspapers, and the Commission will publish it on its website.

## Late submission of applications

In case a covered client was not in a position to submit such an application within the deadline specified in point (b) of the above section, the deadline shall not apply, if conditions occurred that prevented the observance of the deadline for the submission of a compensation application or for the collection and submission of the information required.

In such cases a covered client submitting a compensation application after the deadline, shall submit, in addition to the information forming the content of the application, a declaration explaining the reason, if any, for which he was not in a position to claim compensation in time, attaching all supporting evidence to that end.

## Content of compensation applications submitted to the Fund

The Fund will issue a claim form setting out the information and supporting evidence required in order to evaluate the claims of covered investors.

The compensation applications of covered clients with which they make their claims against a member of the Fund are submitted to the Fund in writing. The compensation applications must include:

- the name of the claimant;
- the address, telephone and fax numbers as well as any email address of the claimant, if any;
- the client code that the claimant had for the member of the Fund;
- the particulars of the covered services agreement between the Fund and the claimant;
- the type and amount of the alleged claims of the claimant; and
- the exposition of the particulars from which the alleged claims of the claimant and their amount are derived.

The Fund may request additional information from the claimant where deemed necessary.

## Procedure relating to the recording and evaluation of the alleged compensation claims

The Fund may record and assess the submitted claims, either internally or by designating at least one expert in capital market issues and at least one lawyer with knowledge on capital market issues (referred below as persons involved in the review and evaluation of compensation claims), who after initially reviewing the compensation payment conditions as specified below in the section "Compensation payment conditions", will evaluate the said applications and recommend to the Fund's Administrative Committee their acceptance or rejection, in whole or in part.

In case of disagreement between the persons involved in the review and evaluation of the compensation claims, each one of them will submit a separate recommendation. The remuneration of the persons referred to in the above sentence, shall be agreed between the Fund and the said persons, shall burden the Fund member involved and, and where necessary, shall be paid by the Fund using funds accumulated from the payment of fees to cover operation expenses.

The persons involved in the review and evaluation of the compensation claims:

- A. request from the Fund member to express a justified opinion on the grounds of the claims alleged by the claimants, within a specific time limit, in order to evaluate the applications.
- B. In case the Fund member does not submit its justified opinion on time, the persons involved in the review and evaluation of the compensation claims, will proceed with the evaluation of the applications.
- C. determine the amount of the compensation for each claimant.

The persons involved in the review and evaluation of the compensation claims shall have full access to the records of the member for which the Fund has been activated, kept electronically or otherwise, in order to carry out their work.

## Compensation payment conditions

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 Fund member, which derives from an investment operation;
- C. the submission of an application form;
- 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 Law of 2007, as amended, replaced or repealed 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 of 2007, as amended, replaced or repealed from time to time; and
- F. the right of a covered client has not been extinguished under the Limitation of Offenses Act.

## Determination of the amount of the compensation payable

The calculation of the compensation payable will 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.

To ascertain the claims of a claimant against a member of the Fund, as well as any counterclaims of the member of the Fund against the claimant, the books kept and the particulars issued by the member of the Fund as well as the supporting evidence produced by the claimant are taken into consideration.

The amount of the 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 member of the Fund, subject to the set-off rules applied for the calculation of the claims between the covered client and the member of the Fund.

The valuation of the financial instruments pertaining to the compensation payable to the covered client will be carried out on the basis of their market value on the day of their calculation.

The Fund will provide coverage for the claims referred to in the "Covered Claims" section above of the present Policy, which applies for the total claims of the covered client against a Fund member and shall be defined as the lower of 90% of the cumulative covered claims of the covered client and €20.000.

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;
- 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. This section shall not apply to undertakings for collective investments.

Compensation shall be paid in Euros, 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.

## Decision of the Administrative Committee on submitted applications

The Fund's Administrative Committee will examine the applications before it and decide whether the compensation payment conditions, as specified in the section "Compensation payment conditions" above, are fulfilled or not.

The Fund's Administrative Committee rejects the application in case the claimant does not fulfill the above conditions or, if the claimant used false or misleading means in order to secure the payment of compensation by the Fund, especially if it knowingly submitted false evidence.

The Fund's Administrative Committee during the examination of the applications takes into consideration the recommendations of the persons involved in the review and evaluation of the claim and decides on the applications submitted to the Fund determining the amount of the compensations for each covered client-claimant.

## Unjustifiably paid compensation

The Fund may at any time require the covered client to return the compensation paid to it if it subsequently establishes that there has been a reason for the rejection of the application in accordance with the Commission's Directive DI87-07.

## Announcement of Fund's decision

Upon completion of the procedure before the Fund's Administrative Committee, the Fund will:

- (a) issue a decision listing the clients of the Fund member, determining the amount of money each one of them is entitled to receive, and communicate it to the Commission and the Fund member within five working days from its issue. The said decision will also list those clients to whom no compensation shall be paid, and the reasons for this;
- (b) communicate to each affected client its decision as soon as 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".

The Commission in the context of examining an objection may:

- a. request from the Fund, and/or the Fund member and/or the claimant to submit information and particulars;
- b. conduct any investigation.

The Commission, 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.

## 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 the date that the decision was communicated to the covered client.

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.

In extraordinary and justified circumstances, the Fund may request from the Commission an extension of the stipulated three months deadline for payments to the claimants. The said extension may not exceed three months.

## Effects of payment of compensation

The payment of any compensation by the Fund shall entail 'ipso jure' subrogation of the Fund to the rights of the compensated covered client/claimant against the Fund member during the liquidation procedure of the said member for an amount equal to the compensation payable thereto.

## Additional Information

Please visit the Commission's webpage to obtain more information on the Fund and on the matters covered by this Policy.