
WWF INVESTORS COMPENSATION FUND POLICY

Version 1
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1. Introduction

This Investors Compensation Fund Policy is provided by WISE WOLVES FINANCE LTD (hereinafter referred to as the “**Company**”) in accordance with the Markets in Financial Instruments Directive II (hereinafter referred to as “**MiFID II**”), as in force and/or as this may be amended from time to time and the Cyprus Investment Services and Activities and Regulated Markets Law, Law 87(I)/2017 (hereinafter referred to as the “**Law**”), as in force and/or as this may be amended from time to time.

The Company pursuant to and in accordance with the Law and Directive DI87-07 for the operation of the investors compensation fund as amended is a member of the Investor Compensation Fund (hereinafter referred to as the “**Fund**” or “**ICF**”) for the Clients of Cyprus Investment Firms.

As a result of ongoing regulatory developments, CySEC introduced a major reform in March 2019 through Directive DI87-07, Directive DI144-2007-15, and Policy Statement PS-02-2019. These changes redefined contribution rules, financial reporting, and investor claim procedures. To comply with these changes, firms must adjust their capital management strategies and ensure full alignment with ICF regulations.

The Investor Compensation Fund for IF Clients (ICF) is the Fund of its members, established pursuant to Article 59(1) and (2) of Law 144(I)/2007 which provides for the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and other Related Matters (the Law) as an investor compensation fund for CIF clients other than credit institutions and its powers and functions are regulated by the provisions of the Law and of the Directive 144-2007-15 of CySEC for the Continuance of the Operation and the Operation of the IF Investor Compensation Fund (the Directive).

2. Regulatory Framework

This summary is prepared in accordance with, among others, and *inter alia*:

- a) Law 87(I)/2017 (Cyprus)
- b) Policy Statement PS-02-2019
- c) Directive DI87-07 for the operation of the ICF
- d) ICF Information <https://www.cysec.gov.cy/en-GB/investor-protection/tae/information/>

3. Scope and Purpose

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 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.

The purpose of the ICF is to secure the claims of covered clients against the ICF members through payment of compensation, if the necessary preconditions are fulfilled. All non-professional investor-clients of an ICF member who is covered by the ICF for claims against such member, arising out of the covered services provided by the member, may apply for compensation. The applicant may be natural or legal persons, or a union of persons or a group of assets devoid of legal personality.

4. Covered Services

Covered services are the Investment and Ancillary Services offered by the Company, as listed on the Company's license issued by the Cyprus Securities and Exchange Commission (hereinafter referred to as the “**CySEC**”) which are:

Investment Services:

- Reception and transmission of orders in relation to one or more financial instruments (FIs: 1,2,3,4,5,6,7,8,9,10)
- Execution of Orders on behalf of Clients (FIs: 1,2,3,4,5,6,7,8,9,10)
- Dealing on own account (FIs: 1,2,3,4,5,6,7,8,10)
- Portfolio Management (FIs: 1,2,3,4,9)
- Investment Advice (FIs: 1,2,3,4,9)

Ancillary Services:

- Safekeeping and administration of financial instruments, including custodianship and related services. (FIs: 1,2,3,4,5,6,7,8,9,10)
- Granting credits or loans or more financial instruments, where the firm granting the credit or loan is involved in the transaction. (FIs: 1,2,3,4,5,6,7,8,9,10)
- Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings.
- Foreign exchange services where these are connected to the provision of investment services.
- Investment research and financial analysis or other forms. (FIs: 1,2,3,4,5,6,7,8,9,10)

In the following Financial Instruments (FIs):

1. Transferable securities.
2. Money-market instruments.
3. Units in collective investment undertakings.
4. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash.
5. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event).
6. Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market or/and an MTF.
7. Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in paragraph 6 of part III of the Law and not being for commercial purpose, which have the characteristics of other derivative financial instrument, having regard to whether, inter alia, they are cleared and settled through recognised clearing houses or are subject to regular margin calls.
8. Derivative instruments for the transfer of credit risk.
9. Financial contracts for differences.
10. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event), as well as any other derivative contract relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Part, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market or an MTF, are cleared and settled through recognised clearing houses or are subject to regular margin calls.

Financial instruments include those defined under MiFID II and Cyprus Law 87(I)/2017, such as shares, bonds, derivatives and other regulated investment products offered by the Company as specified above and within the CySEC official website.

5. Covered Clients

The ICF covers Retail Clients of the Company. Professional Clients and Eligible Counterparties are not covered by the ICF. For more details see paragraph titled "Non-Covered Clients".

6. Non-Covered Clients

The ICF does not compensate the following investor categories.

1. Institutional and professional investors of the following categories; 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 categorised by the Company as professionals, upon their request.
2. States and supranational organisations.
3. Central, federal, confederate, regional and local administrative authorities.
4. Enterprises associated with the Company.
5. Managerial and administrative staff of the Company.

6. 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 its qualified auditors.
7. Investors having 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 points (5) and (6) above.
8. 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. Apart from the investors convicted of a criminal offence pursuant to AML Law, as amended or replaced, 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.
10. 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 of the EU. In the cases of paragraphs (5), (6), (7) and (8), the ICF suspends the payment of compensation informing the interested parties accordingly, until it reaches a final decision as to whether such cases apply. The ICF shall pay no compensation in respect of claims arising out of transactions involving individuals convicted of a criminal offence for the said transactions, pursuant to AML Law. Any payment of a claim where there are pending criminal proceedings for the legislation of proceeds from illegal acts or activates under AML Law against a client-investor shall be suspended until the completion of such proceedings.

7. Covered Claims

The ICF 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. It also covers claims due to a member's inability to return to the 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 is calculated based on the 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 Paragraph 18(1), 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 ICF member fails to repay or return, respectively.

Determination of the amount of compensation payable

The calculation of the compensation payable arises from the sum of the total established claims of the covered client against the ICF 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.

The ICF provides coverage for the claims referred to in Paragraph 19 of the Directive, which applies for the total claims of the covered client against a Fund member and is defined as the lower of 90% of the cumulative covered claims of the covered client and €20.000.

In the case of joint investment business in the calculation of the coverage, the share attributable to each covered investor is taken into account. The claims are allocated equally amongst covered investors, unless special provisions exist, and each investor is provided with separate coverage pursuant to the provisions of subparagraph (2) of Article 25 of the Directive.

CySEC, in order to ensure that there will be a minimum limit of liquidity for immediate payment, when the need for imposing an extraordinary contribution arises, CySEC has decided to add a provision, pursuant to which members are required to keep a minimum cash buffer of 3 per thousand of the eligible funds and financial instruments of their clients as at the previous year, in a separate bank account, especially for the case that the need for an extraordinary contribution arises.

Members are further obliged to submit a standardised confirmation (Form 87-07-05), from 15-20 May of each year, signed by their internal auditor (or in the absence of an internal audit function due to legislative provisions, signed by their compliance officer), that attests to the fulfilment of the above obligation. This confirmation will be submitted for the first time in 2020. It is provided that the above is a minimum limit of special purpose liquidity, and not a limit of extraordinary contribution. The extraordinary contribution may surpass the above minimum limit, and members will be obliged to pay it.

The maximum amount of cover by ICF will be, either the 90% of the cumulative covered claims of the covered investor, or the amount of €20.000, whichever is lower. Therefore coverage = Min (90% X claimed amount, €20.000). This means that, if the claim is for €50.000, the coverage will be €20.000, due to the fact that 90% of this claim, equals to €45.000. However, if the claim is for €10.000, the coverage will be €9.000 (Min (€10.000 X 90%, €20.000) = €9.000).

Funds collected prior to the issuance of the new ICF Directive will continue to be kept in the accounts/shares of members, and any unutilized balance will be returned to the respective member after the member renounces its license and subject to the resolution of any pending complaints against the said member, as per the relevant provisions of Directive DI 144-2007-15. However, the funds collected under the New ICF Directive will not be returned.

According to the new ICF Directive, following Article 8(2) of the European Directive 97/9/EC, 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.

8. Compensation payment conditions

The payment of compensation by the ICF entails the following:

- the initiation of the compensation payment procedure;
- the existence of a valid claim by a covered client against the ICF member, which derives from an investment operation
- the submission of an application form as prescribed in the Directive 87-07
- 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
- 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
- the right of a covered client has not been extinguished under the Limitation of Offenses Act

9. Compensation Payment Process

The ICF compensates the covered Clients for claims arising from the covered services provided by the Company, when failure by the Company to fulfil its obligations has been ascertained (see also below).

The following constitutes failure by the Company to fulfil its obligations:

- a) Either to return Client fund to its covered Clients which are held by the Company indirectly in the framework of the provision by the Company to the said Clients of covered services, and which the latter requested the Company to return, in exercise of their relevant right; or
- b) To return to the covered Clients financial instruments which belong to them and which the Company manages.

When can applications be lodged?

In all cases and provided one of the preconditions mentioned in sub-paragraph (1) of Paragraph 3 of the Directive is fulfilled, the claims must arise out of the investment services provided by the ICF members or the ancillary service of paragraph (1) of Part II of the Third Schedule of the Law, including the clients of branches of ICF members established in Member States.

Where IFs have obtained authorisation to operate by another Member State and have established a branch in the Republic, the said branch may, should it wish, voluntarily subscribe to the ICF when the amount and/or extent, including the percentage of the coverage offered by the ICF, exceeds the amount and/or extent of the coverage provided in the Member State in which the IF has obtained authorisation to operate, in order to complete the coverage already enjoyed by the investors of the branch as a result of its participation in the compensation system of its Member State of origin.

In the cases of voluntary subscription to the ICF of branches established in the Republic by IFs which have obtained authorisation to operate by other Member States, pursuant to the provisions of Directive 87-07, the ICF shall complete the coverage for the covered clients of the said branches.

The ICF does not cover the applicants set out in the Second Schedule of the Directive, as well as applicants who may be covered but who apply to the ICF for compensation, in respect of claims against an ICF member who was a member of the ICF in relation to the services covered, after one year from the loss of membership status has elapsed.

Initiation of the compensation payment procedure

Within a reasonable timeframe upon CySEC ascertaining either that an ICF member cannot fulfill its obligations arising out of clients' claims or, following a court ruling, issued on grounds of the financial situation of an ICF member, which has the effect of suspending the ability of the clients of the ICF member to lodge claims against the said member for the satisfaction of their claims, then CySEC issues a decision to initiate the compensation payment process by the ICF. Before reaching such decision, CySEC may invite the member of the ICF to set out its views within a short deadline, which cannot be less than three working days from such invitation. CySEC may, on certain conditions, extend by up to three (3) months the issue of the decision to initiate the compensation payment process by the ICF

The ICF initiates the compensation payment procedure when CySEC has determined that a member appears, for reasons directly related to its financial circumstances, to be unable to meet its obligations arising out of investors' claims or a Court of the Republic has made a ruling, for the same reasons, which has the effect of suspending investors' ability to make claims against it.

The Commission then issues a decision for the initiation of the compensation payment procedure by the ICF within a reasonable time and publishes the relevant information on its website.

Upon initiation of the compensation payment procedure, the ICF publishes 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, which cannot be lower than five months, as well as their content.

The publication is communicated immediately to the Commission which shall post the publication on its website.

In exceptional and justified cases, the ICF, 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 is published by the ICF in at least two national newspapers, and the Commission shall publish it on its website.

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 the compensation in time, attaching all supporting evidence to that end.

The ICF 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, who, after initially reviewing the conditions of Paragraph 24, shall evaluate the said applications and recommend to the Administrative Committee their acceptance or rejection, in whole or in part.

These people request from the ICF 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. They also have full access to the records of the member for which the ICF has been activated, kept electronically or otherwise, in order to carry out their work.

Upon completion of the procedure, the ICF issues a decision, listing the clients of the ICF member, determining the amount of money each one of them is entitled to receive, and communicate it to the Commission and the ICF member within five working days from its Issue. The said decision, also lists clients to whom no compensation shall be paid, and the reasons for this. Additionally, the ICF communicates to each affected client its decision the soonest possible from its issue. The ICF shall pay each covered client/claimant the compensation that he is entitled to, within three months from the date that the decision was communicated to the covered client.

Publications by CySEC

CySEC publishes the information relating to its decision in the Official Gazette of the Republic and on its website. Following the decision to initiate the compensation payment process, the ICF publishes, in at least three newspapers of national coverage, an invitation to covered clients to submit their claims against the ICF member in respect of the covered services, designating the procedure for submitting the relevant applications, the deadline for the submission (being not less than five months and not greater than nine months from the publications) and their content, as provided in more detail in Part V of the Directive.

Upon issuance of a decision by the Court or by CySEC, on the commencement of the compensation payment process, the Fund publishes in at least three newspapers of national coverage, an invitation to the covered clients to make their claims against the member of the Fund arising from covered services, designating the procedure for the submission of the relevant applications, the deadline for their submission and their content.

The publication contains at least:

- ❖ the name and address of the headquarters of the member of the Fund, to whom the covered client compensation process has been activated through the Fund;
- ❖ the deadline for the submission of compensation applications, which cannot be less than five months and greater than nine months from the last publication;
- ❖ the mode and address of submission of applications;
- ❖ the address at which investors may be informed about the exact content of the applications to be submitted, and get the relevant form provided by the Fund.

In exceptional cases, followed by an announcement published in at least three newspapers of national coverage, the ICF may extend the deadline for the submission of compensation applications by up to three months.

10. Submission of an application

Before submitting any application to the ICF, applicants should study the relevant provisions of the Law and the Directive. The existence of a valid claim by the applicant is a basic precondition for receiving a compensation.

Finally, the ICF may demand from any applicant to whom compensation was paid to return such compensation, if it establishes a posteriori that there was a reason to reject the application in accordance with the provisions of the Directive.

How to submit an application

An application to the ICF may be submitted in one of the following two ways:

- (a) By filling in the online application form which can be found on the website of CySEC;
- (b) By sending a simple letter to the offices of the ICF, accompanied by all supporting evidence.

The letter/application may:

- a) be sent by post to the following address:
Investor Compensation Fund (ICF) for IF Clients, 19 Diagorou Str., 1097 Nicosia, Cyprus.
- b) be delivered by hand to the offices of the ICF, at the following address: Investor Compensation ICF for IF Clients, 19 Diagorou Str., 1097 Nicosia, Cyprus.

When submitting an application, make sure to include at least the following information:

- i. Particulars of the applicant (name, address, Identity Card / Passport No., telephone and fax numbers and email address).
- ii. The name of the ICF member against which the application is submitted and the client code and/or the applicant's investment account No.
- iii. Copy of the covered services agreement between the ICF member and the applicant.
- iv. The type and amount of alleged claims by the applicant.
- v. Copy of the statement of account from the transactions platform that you used.
- vi. Copy of the statement of deposits and withdrawals from the account held with the ICF member.
- vii. Copies of documents that prove the applicants' deposits to the ICF member (e.g. swift transfers, deposit orders, debit advice etc).
- viii. Description of the facts and evidence giving rise to the alleged claims by the applicant and the amount of such claims with specific references to actions or omissions of the ICF member.
- ix. Any other evidence or supporting documents to demonstrate that the applicant is entitled to apply for compensation.
- x. Reference and copies of any correspondence with the ICF member concerned.
- xi. Written confirmation that the information included in the application/letter as well as all the documents accompanied are correct and true.

The ICF may request additional information through a relevant publication in at least three newspapers of national coverage and the Official Gazette of the Republic

Upon submission of the compensation applications, the Administrative Committee of the ICF has control especially if:

- a) The claimant-Client falls within the category of covered Clients;
- b) The application was timely submitted;
- c) The claimant-Client is not convicted of a criminal offence pursuant to AML Law, as amended or replaced;
- d) The conditions for the valid submission of compensation applications are fulfilled.
- e) The Administrative Committee rejects the compensation application in case the claimant-Client does not fulfil the conditions referred to in paragraph above, or if at the Administrative Committee's discretion, at least one of the following reasons exists:
 - i. The claimant-Client used fraudulent means 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 valuation, the ICF:

- a) Issues 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; and
- b) Communicates to each affected Client its finding no later than fifteen (15) days from the issue of the aforementioned minutes determining the total compensation amount this Client is entitled to receive.

11. Interruption of deadline for submission of applications

In case a covered client, not being its fault, was neither informed about the invitation to submit compensation applications nor in a position to submit within the deadline this application, the deadline is interrupted provided that an interruption of the deadline arises in case of an event of force majeure, as long as it has been proved that it prevented the keeping of the deadline for the submission of compensation applications or the collection and submission of the required information. Indications that the covered client has an impediment for which he is not responsible, and which forms a reason for the interruption of the deadline for the submission of a compensation application include especially:

- proved absence of the covered client abroad for a period which includes at least half of the deadline for the submission of a timely application;
- illness confirmed by a doctor that it forms a serious impediment for the submission of an application for a period which includes at least half of the deadline for the submission of a timely application; or
- his/her stay in a correctional institution for a period which includes at least half of the deadline for the submission of a timely application.

A covered client who submits an application late to the Fund for the payment of compensation is obliged to submit, in addition to the information forming the necessary minimum content of the application a solemn declaration stating the reason for which he was not in a position to claim compensation in time attaching the necessary supporting evidence to prove his allegations.

12. General further Information

Queries and/or questions regarding the Fund and/or the formalities and preconditions relating to the payment of compensation, the Client can contact:

- a) the Company at wwf@wise-wolves.com or
- b) the offices of the Administrative Committee of the ICF, at the following address:
Administrative Committee of the Investor Compensation Fund for Clients of CIFs and other IFs
Investor Compensation ICF for IF Clients
27 Diagorou Str. CY1097 Nicosia Postal address: P.O. Box 24996, 1306 Nicosia
E-mail address: investmentfirms@cysec.gov.cy
Tel. no: 22 506600, Fax no: 22 506700 and
- c) for any further information regarding the Regulations, please refer to the website of CySEC at: <http://www.cysec.gov.cy/>

13. Amendments and Additional Information

The Company reserves the right to review and amend its policies whenever necessary, including reflecting regulatory developments, market changes or internal governance decisions. Policies shall be reviewed and/or amended annually and/or as and when it is deemed necessary by the Company, Regulatory Authorities and/or the Compliance Officer and further approved by the Board of Directors of the Company. The client consents and agrees that the latest versions of any of the Documentation and/or Policies published on the Company's official website shall prevail. Clients will be notified of material amendments where required and, where applicable, their consent will be obtained. Clients may request further information or raise questions regarding this policy by contacting their relationship manager or by email at wwf@wise-wolves.com .