



Monecor (Europe) Limited Investor Compensation Policy

September 2019

1. EXECUTIVE SUMMARY

Monecor (Europe) Limited, trading under the brand ETX Capital authorized and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) under license number 096/08 (the “Company”) is a member of the Investor Compensation Fund (ICF) for Clients of Cyprus Investment Firms (CIFs) under the Investment Services and Activities and Regulated Markets Law of 2017 L.87(I)/2017 (“the Law”).

2. PURPOSE OF THE FUND

The objective of the ICF is to secure any claims of the covered clients against members of the ICF. The main essence of the ICF is to compensate covered clients for any claims arising from the failure of a member of the ICF to fulfil its obligations towards its clients despite whether that obligation arises from the legislation, the client agreement or from wrongdoing on the part of the member of the ICF.

Any compensation provided to clients by the Investor Compensation Fund shall not exceed EUR 20.000. This applies to clients’ aggregate claims against the Company.

3. COVERED CLIENTS

The ICF covers for compensation all Clients of the Company, except the clients listed as “Non-Covered Clients”.

4. NON-COVERED CLIENTS

The ICF shall pay no compensation to individuals against whom criminal proceedings under the provisions of the Prevention and Suppression of Money Laundering Activities Law of 2007, as amended or replaced, are pending.

Under applicable regulations, the ICF does not compensate the following investor categories:

- The following categories of institutional and professional investors:
 - Investment firms
 - legal entities associated with the member of the Fund and, in general, belonging to the same group of companies
 - banks
 - cooperative credit institutions
 - insurance companies
 - collective investment organizations in transferable securities and their management companies

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- social insurance institutions and funds
 - investors characterized by the member as professionals, upon their request
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- States and supranational organizations
 - Central, federal, confederate, regional and local administrative authorities.
 - Enterprises associated with the member of the Fund
 - Managerial and administrative staff of the member of the Fund
 - 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
 - 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 (v) and (vi)
 - Second-degree relatives and spouses of the persons listed in paragraphs (v), (vi) and (vii), as well as third parties acting for the account of these persons
 - Apart from the investors, 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
 - 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 (e), (f), (g) and (h), the Fund suspends the payment of compensation informing the interested parties accordingly, until it reaches a final decision as to whether such cases apply.

5. COVERED SERVICES

Covered services are the following investment services which are offered by the Company:

- a) Reception and transmission of orders in relation to one or more financial instruments
- b) Execution of orders on behalf of clients

Financial Services in relation to which investment services are currently provided by the Company are the following:

- Transferable securities
- Money-market instruments

- Units in collective investment undertakings
- 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
- 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)
- 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
- Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of Part III and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and settled through recognised clearing houses or are subject to regular margin calls
- Derivative instruments for the transfer of credit risk
- Financial contracts for differences

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.

6. 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.

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The maximum amount of compensation that may be paid to a covered client is EUR 20,000 for covered services, irrespective of the number of accounts held, currency and place of offering the investment service.

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

- the maximum amount payable to all co-beneficiaries of the account comes up to the amount of twenty thousand Euros (EUR 20,000); and
- 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.

7. COMPENSATION OF COVERED CLIENTS AND PAYMENT FORMALITIES

7.1. Failure of a member of the Fund to fulfil its obligations toward its investors

The Fund compensates the covered clients for claims arising from the covered services provided by its members, as long as failure by the member to fulfill its obligations has been ascertained notwithstanding a relevant obligation by the member of the Fund in accordance with the legislation and the terms which govern its agreement with the covered client and regardless of whether the said obligation of the member of the Fund is based on the agreement or on wrongdoing.

Failure by a member of the Fund to fulfill its obligations consists of its failure:

- 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 return, in exercise of their relevant right;
- Or to hand over to the covered clients financial instruments which belong to them and which the member of the Fund holds, manages or keeps on their account, including the case where the member is responsible for the administrative management of the said financial instruments.

7.2. Preconditions for the initiation of the compensation payment procedure by the Fund

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

- The Cyprus Securities and Exchange Commission (CySEC) has determined by resolution that the Company is unable to meet such of its duties as arise from

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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:

- If the member of the Fund submits to the Fund or to CySEC, a written statement declaring its failure to fulfill its obligations toward its clients
- If the member of the Fund files an application for liquidation
- If (CySEC) has revoked or suspended the member's authorization to provide investment services and ascertains that the member of the Fund is not expected to be in a position to fulfill 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.
- A judicial authority has, on reasonable grounds directly related to the financial circumstances of the Company, issued a ruling which has the effect of suspending the investors' ability to lodge claims against it.

7.3. Procedure relating to the invitation of covered clients to submit applications

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

- The name of the claimant-Client;
- The address, telephone and fax numbers as well as any email address of the claimant-Client;
- The Client code that the claimant-Client had with the Company;
- 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;

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- The exposition of the particulars from which the alleged claims of the claimant-Client and their amount are delivered;
- Any other information the ICF might or will request.

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

- Client falls within the category of covered Clients;
- The application was timely submitted;
- Client is not convicted of a criminal offence pursuant to the Prevention and Suppression of Money Laundering Activities Law of 2007, as amended or replaced;
- The conditions for the valid submission of compensation applications are fulfilled.

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

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

- 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
- 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.

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CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. **75.6% of retail investor accounts lose money when trading spread bets and CFDs with this provider.** You should consider whether you understand how CFDs work, and whether you can afford to take the high risk of losing your money.