SKYBOUND

INVESTOR COMPENSATION FUND (ICF) GUIDANCE

SKYBOUND WEALTH EUROPE LTD

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1. INVESTOR COMPENSATION FUND

Skybound Wealth Europe Ltd (the “Company”, “we”, “SWE” or “us”) a Cyprus Investment Firm (CIF), authorised and supervised by the Cyprus Securities and Exchange Comission (CySEC) under license No. 308/16. We provide financial advice and investment services to help individuals, companies, and professional advisers meet their financial objectives.

The Company is a licensed member of the Investor Compensation Fund (ICF), a compensation scheme established under Cypriot law for clients of Cypriot Investment Firms (CIFs) and other non-bank investment firms. The ICF’s purpose is to protect clients if a member firm cannot meet its financial obligations. The establishment, powers, and operations of the ICF are governed by the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017) (the “Law”) and the CySEC Directive D187-07 (the “Directive”).

Article 15(1) of the Law mandates that CIFs participate in an authorised investor compensation scheme, ensuring coverage for investment and ancillary services provided by the Firm in compliance with CySEC regulations.

2. PURPOSE OF THE INVESTOR COMPENSATION FUND

The Investor Compensation Fund (ICF) aims to secure the claims of eligible clients of the Company by providing compensation in cases where the Firm fails to fulfil its obligations, provided the necessary preconditions are met. The ICF protects all non-professional (retail) clients of ICF members by compensating them for claims arising from covered investment services.

Eligible applicants for compensation include individuals, legal entities, unions of persons, or asset groups without legal personality, regardless of nationality or residency. Cypriots and foreign clients residing in Cyprus or abroad may apply if they are classified as retail clients under the Firm’s client categorisation policy.

3. CONDITIONS OF A CLAIM

A claim may be filed under ICF when it is confirmed that Skybound Wealth Europe Ltd has failed to fulfil its obligations to its covered clients. Such a failure is defined as:

- Non-return of Funds: The Firm fails to return funds owed to its covered clients or funds that belong to the clients but are held by the Firm (directly or indirectly) in the context of providing covered investment services. This applies when clients have requested the return of their funds to exercise their rights.
- Non-transfer of Financial Instruments: The Firm fails to hand over financial instruments that belong to its covered clients but are held, managed, or administered by the Firm on its behalf. This includes cases where the Firm is responsible for the administrative management of these financial instruments and has not complied with clients’ requests to transfer them.

4. WHAT IS COVERED

The ICF covers eligible claims made by clients of Skybound Wealth Europe Ltd for the following services:

- Investment Advice
- Reception and Transmission

Financial Instruments (in so far as the Firm has provided investment services about) including:

- Transferable Securities
- Money Market Instruments
- Units in Collective Investment Undertakings

Claims must arise from the investment services provided by ICF members, as outlined in the Directive, or from the ancillary service specified in paragraph (1) of Part II of the First Schedule of the Law. This includes clients of ICF member branches established within Member States. Coverage applies only when one of the preconditions specified in sub-paragraph (1) of Paragraph 3 of the Directive is met.

Additionally, the ICF may compensate investors who receive investment services or the specified ancillary service either:

- Through a branch of ICF members that, while not established within the Republic of Cyprus, maintains a business presence there and subscribes to the ICF,
- Or from an ICF member with no business presence in Cyprus but who provides the services on a cross-border basis within its territory.

However, the ICF does not cover claims by applicants listed in the Second Schedule of the Directive. The following investor categories are not covered:

(1) The following categories of institutional and professional investors:

a). IFs;
b). legal entities associated with the Fund member and generally 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 are characterised by the member as professionals upon their request, under 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) The managerial and administrative staff of the Fund member.

(6) Shareholders of the Fund member whose participation directly or indirectly in the capital of the Fund member amounts to at least 5% of its share capital, or its partners who are personally liable for the obligations of the Fund member as well as persons responsible for the carrying out of the financial audit of the Fund member as provided by the Law, such as its qualified auditors.

(7) Investors in enterprises are connected with the fund member and, in general, with the group of companies to which the fund member belongs, with positions or duties corresponding to those listed in sub-paragraphs (5) and (6).

Up to second-degree relatives and spouses of the persons listed in sub-paragraphs (5), (6) and (7), as well as third parties acting for the account of such persons.

(9) Investors- clients of a fund member responsible for facts about the fund member that have caused financial difficulties and contributed to the worsening of the fund's financial situation or profited from these facts.

(10) Other firms in the same group.

(11) Investors in the form of a company, which, due to its size, are not allowed to draw a summary balance sheet per the Companies Law or a corresponding law of a Member State.

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

Additionally, applicants who may otherwise be eligible for compensation cannot claim if their application is made against an ICF member after one year since the member lost ICF membership status concerning the covered services.

The ICF also excludes compensation for claims from transactions involving individuals convicted of a criminal offence related to these transactions, as per the Prevention and Suppression of the Legalisation of Proceeds from Illegal Activities Law of 2007 (as amended).

5. AMOUNT OF COMPENSATION

The maximum compensation amount paid to applicants deemed eligible for compensation is EUR 20,000. This covers the total number of claims made by an applicant against the Firm/ICF member, irrespective of the number of accounts, the currency, and the place of service provision.

6. COMPENSATION PROCESS AND PROCEDURE

Compensation claims must be submitted to CySEC within a reasonable time frame. Compensation eligibility depends on CySEC confirming one of the following:

1. The inability of the ICF Member to Fulfill Obligations: CySEC determines that the ICF member cannot meet its obligations arising from a client's claim.
2. Court Ruling: A court ruling, based on the financial condition of the ICF member, suspends clients' ability to lodge claims against the Firm to satisfy their claims.

CySEC will initiate the compensation payment process through the ICF in either scenario. Before making this decision, CySEC may invite the ICF member to present its views, providing a minimum response deadline of three working days.

Under certain conditions, CySEC may extend the period for issuing the decision to initiate the compensation payment process by up to three months. Once the decision is made, CySEC will publish the information in the Official Gazete of the Republic and its website.

Following CySEC's decision to initiate the compensation process, the ICF will publish an invitation in at least three national newspapers, inviting covered clients to submit claims. The publication will detail the procedure for filing claims, specify a submission deadline (not less than five months and not more than nine months from publication), and outline the required content of applications, as defined in Part V of the Directive.

In exceptional cases, the ICF may extend the application deadline by up to three additional months, with notice given in at least three national newspapers.

To verify claims, the ICF will consider the records and documents maintained by the ICF member, any supporting evidence submitted by the applicant, and any counterclaims from the ICF member.

7. CALCULATING THE CLAIM

The amount of compensation payable to each covered client is calculated according to the legal and contractual terms governing the relationship between the client and the ICF member, subject to any applicable set-off rules. The calculation is based on the total of all established claims from covered services provided by the ICF member, regardless of the number of accounts the client holds, the currency used, or the location of service provision.

The valuation of financial instruments relevant to the compensation is determined based on their value on either:

- The date of CySEC's decision to initiate the compensation process or
- The date specified in the relevant CySEC decision.

If the total claim amount exceeds twenty thousand EUR (€20,000), the maximum compensation payable to the applicant is capped at twenty thousand EUR (€20,000).

For clients served by an ICF member through a branch in a third country:

- The maximum compensation per client equals the amount paid by any investor compensation scheme operating in that third country. However, this amount cannot exceed the fixed maximum of twenty thousand EUR (€20,000) set by the ICF.
- If no investor compensation scheme exists in the third country, the maximum compensation per client is limited to three thousand four hundred and seventeen EUR (€3,417). This amount is initially determined in the third country's currency when the branch is established and adjusted biennially on January 1, based on the average exchange rate determined by the Central Bank of Cyprus as of December 31 of the preceding year.

Upon completion of the valuation process:

1. The ICF will issue minutes listing clients eligible for compensation, specifying the amount each client is entitled to receive. These minutes will be communicated to CySEC and the ICF member within five working days.
2. The ICF will inform each affected client of their entitlement within fifteen days of issuing the minutes, detailing the total compensation amount.

If a client disagrees with the ICF's decision regarding their compensation, they may appeal to CySEC within ten days, providing sufficient justification for their claim.

The ICF must make payments to eligible clients within three months of the compensation minutes being submitted to CySEC, completing the compensation process efficiently.

8. HOW TO APPLY FOR COMPENSATION

Upon deciding to initiate the compensation payment process by a Court or CySEC, the ICF will publish an invitation for covered clients to submit their claims in at least three (3) nationally distributed newspapers. This invitation outlines the procedure for submiting compensation applications, the content required, and the deadline for submission.

To apply for compensation, covered clients must submit their claims in writing to the ICF, including the following information:

- Name of the Claimant/Client.
- **Contact Information:** Address, telephone, fax numbers, and email address of the Claimant/Client.
- **Client Code**: The code assigned to the Claimant/Client by the Company.
- **Details of Covered Services:** Information on the covered services agreement between the ICF and the Claimant/Client.
- **Claim Details:** Type and amount of the alleged claims.
- **Evidence and Supporting Documents:** Details and documentation supporting the alleged claims.
- **Additional Information:** Any other information that the ICF may require.

Upon receiving the compensation application, the ICF's Administrative Committee will verify that:

1. The Claimant/Client falls within the category of covered clients.
2. The application was submitted within the designated time frame.
3. The Claimant/Client has not been convicted of a criminal offence related to the claim, in compliance with the Prevention and Suppression of Money Laundering Activities Law of 2007 (as amended).
4. All conditions for the valid submission of the compensation application are fulfilled.

The Administrative Committee reserves the right to reject an application if any of these conditions are unmet or if there are grounds for rejection, such as:

- The use of fraudulent means by the Claimant/Client to obtain compensation, including knowingly submiting false evidence.

Once the valuation process is completed, the ICF will:

1. Issue minutes listing the eligible clients and the amount of compensation each is entitled to receive. These minutes will be sent to CySEC and the Company within five (5) working days.
2. Notify each affected client within fifteen (15) days of issuing the minutes, specifying the total compensation amount to which the client is entitled.

9. FURTHER INFORMATION

For more information regarding the Investor Compensation Fund (ICF), including eligibility criteria, claim submission procedures, and any updates related to compensation processes, clients are encouraged to:

- Visit the official website of the Cyprus Securities and Exchange Commission (CySEC) for relevant notices, guidelines, and directives regarding the ICF.
- Contact Skybound Wealth Europe Ltd's Client Services or Compliance Department for specific claims, covered services, and eligibility inquiries.
- Review the terms and conditions of the investment services agreement with the Firm, which outline the contractual obligations covered under the ICF.

Clients should also know that ICF procedures are governed by applicable laws and regulations, including updates or amendments to CySEC's directives. Any changes to the process or compensation conditions will be communicated via official CySEC channels and through notifications issued by Skybound Wealth Europe Ltd.

For additional assistance, clients may seek independent legal or financial advice to better understand their rights and the steps involved in the compensation process.

For further information regarding the Investor Compensation Fund (ICF), clients may contact the offices of the Administrative Committee of the Fund at the following address:

Administrative Commitee of the Investor Compensation Fund for Customers of CIFs and other IFs

19 Diagorou Street, 1097 Nicosia, Cyprus. Email: investmenfirms@cysec.gov.cy

Clients are encouraged to contact the Administrative Committee with any questions or for additional information about the Fund and its processes.