



VSMARKETS LTD

(previously Klips CY Ltd)

INVESTOR COMPENSATION FUND POLICY

CLIENT PROTECTION INFORMATION

Version 2.0 | September 2026

VSMarkets Ltd (formerly Klips CY Ltd) is authorised and regulated by the Cyprus Securities and Exchange Commission as a Cyprus Investment Firm (CIF) under licence number 434/23. Registered Address: 11 Riga Fereou Street, Ground Floor, 3095 Limassol, Cyprus



1. INTRODUCTION

- 1.1. This Investor Compensation Fund Policy (the “**Policy**”) is issued by VSMarkets Ltd (formerly Klips CY Ltd), a limited liability company incorporated in the Republic of Cyprus with registration number HE431041, authorised and regulated by the Cyprus Securities and Exchange Commission (“**CySEC**”) as a Cyprus Investment Firm (“**CIF**”) under licence number 434/23 with registered address at 11 Riga Fereou Street, Ground Floor, 3095 Limassol, Cyprus (the “**Company**”, “**we**”, “**us**” or “**our**”).
- 1.2. The Company is a member of the Investor Compensation Fund for Clients of Investment Firms (the “**ICF**” or “**Fund**”). The ICF operates under CySEC Directive DI87-07 for the Operation of the Investor Compensation Fund, as amended or replaced from time to time (the “**ICF Directive**”).
- 1.3. This Policy provides general information about the purpose of the ICF, the clients and claims that may be covered, the principal exclusions, the compensation limit and the procedure that normally applies when the ICF is activated. Eligibility and compensation are determined by the ICF under the law and the ICF Directive, not by the Company.

2. PURPOSE AND NATURE OF THE ICF

- 2.1. The purpose of the ICF is to secure eligible claims of Covered Clients against a Fund member by paying compensation where the member is unable, for reasons directly related to its financial circumstances and with no foreseeable prospect of improvement in the near future, to meet its obligations arising from Covered Services.
- 2.2. The relevant inability may concern:
 - repayment of money owed to, or belonging to, a Covered Client and held directly or indirectly by the Company in connection with Covered Services; or
 - return of Financial Instruments belonging to a Covered Client that the Company holds, manages or administers on the Client’s behalf.
- 2.3. The ICF is a statutory compensation arrangement of last resort. It is not an insurance policy issued by the Company, does not prevent the Company or a third party from failing and does not guarantee the performance, value or liquidity of an investment.

3. WHAT THE ICF DOES NOT COVER

- 3.1. The ICF does not compensate a Client merely because an investment has fallen in value, a trading decision resulted in a loss, a Financial Instrument became illiquid or an issuer defaulted. Market, investment, issuer, currency and trading losses are not, by themselves, claims against the ICF.
- 3.2. The ICF does not determine or compensate ordinary contractual, execution, suitability, appropriateness, service-quality or complaint disputes unless they give rise to an established covered claim in the circumstances specified by the ICF Directive.
- 3.3. Protection is not unlimited. It is subject to the status of the claimant, the nature of the Service and claim, applicable exclusions, set-off, valuation and verification by the ICF, and the statutory compensation ceiling.



4. COVERED SERVICES AND PRODUCTS

- 4.1. Covered Services are the investment Services covered by the Company's CySEC authorisation and the relevant custody and administration ancillary Service, to the extent they fall within the ICF Directive at the time the claim arises.
- 4.2. Depending on the Service provided and the Company's permissions, this may include reception and transmission of Orders, execution of Orders on behalf of Clients, dealing on own account, and safekeeping and administration of Financial Instruments, including custodianship and related Services.
- 4.3. The Company currently provides or may provide Covered Services in relation to CFDs and Physical Stocks. The fact that a product is offered by the Company does not by itself establish that every loss or claim connected with that product is compensable.
- 4.4. Where Client Financial Instruments are held through the Company's custody arrangements, including an omnibus or nominee account maintained with an appointed broker or custodian, an eligible claim concerning the Company's inability to return those instruments may fall within the scope of the ICF, subject to determination by the ICF.

5. COVERED CLIENTS

- 5.1. ICF protection is generally available to Retail Clients of the Company who do not fall within a non-covered category and whose claim arises from Covered Services.
- 5.2. Professional Clients and Eligible Counterparties are not covered. This includes Clients treated as professionals on request as well as per se professional clients.
- 5.3. A Retail Client classification does not create an unconditional entitlement to compensation. The ICF will assess the claimant, the claim and all applicable exclusions under the ICF Directive.

6. NON COVERED CLIENTS AND CLAIMS

- 6.1. The categories excluded under the ICF Directive include, without limitation:
 - investment firms, banks, cooperative credit institutions, insurance undertakings, collective investment undertakings and their management companies, and social insurance institutions and funds;
 - professional clients, eligible counterparties and investors treated as professionals on request;
 - supranational institutions, states, central administrative authorities and provincial, regional, local or municipal authorities;
 - legal persons connected with the Company, entities in the same group and enterprises having close links with the Company;
 - members of the Company's managerial or administrative staff;
 - persons holding, directly or indirectly, at least 5% of the Company's capital, partners personally liable for the Company's obligations and persons responsible for the Company's statutory audit;
 - persons holding corresponding positions or duties in an undertaking connected with the Company or within its group;
 - spouses and relatives up to the degree specified by the ICF Directive of relevant insiders, and third parties acting on their behalf;



- Clients responsible for facts that caused or materially contributed to the Company's financial difficulties, or who benefited from those facts; and
- companies excluded under the size and financial-reporting criteria specified by the ICF Directive.

6.2. The ICF may also exclude, suspend or reject a claim in circumstances involving money-laundering offences, pending criminal proceedings, fraud, false evidence, responsibility for the relevant loss, concurrent negligence or another ground specified by Applicable Regulations.

6.3. The precise scope of an exclusion is governed by the ICF Directive in force at the relevant time. A summary in this Policy does not expand or restrict that scope.

7. ACTIVATION OF COMPENSATION PROCEDURE

7.1. The compensation procedure is initiated when the condition prescribed by the ICF Directive is met, including where:

- a) CySEC determines that the Company is unable, for reasons directly related to its financial circumstances, to meet obligations arising from eligible Client claims and there is no foreseeable prospect of improvement in the near future; or
- b) a court of the Republic of Cyprus makes a ruling, for reasons directly related to the Company's financial circumstances, that has the effect of suspending the ability of investors to lodge claims against the Company.

7.2. A suspension or revocation of the Company's authorisation does not automatically establish a right to compensation. The ICF procedure must be formally initiated and the individual claim must be accepted.

7.3. Following activation, the ICF publishes an invitation to Covered Clients in the manner required by Applicable Regulations. The invitation specifies the claim-submission method, required information and deadline. Clients should follow the current invitation rather than relying on historic contact details or deadlines.

8. SUBMITTING A CLAIM

8.1. A claimant must submit an application directly to the ICF in the form and within the deadline stated in the ICF's published invitation. A complaint submitted to the Company does not constitute an application for ICF compensation.

8.2. The ICF may require information and supporting evidence including:

- the claimant's identification and contact details;
- the Company's name, Client number and relevant Account details;
- the Client Agreement or other evidence of the relationship with the Company;
- a description of the claim, the amount claimed and the facts giving rise to it;
- Account statements, transaction records and records of deposits and withdrawals;
- supporting payment records and correspondence with the Company; and
- a confirmation that the information and documents submitted are complete, accurate and genuine.



- 8.3. The ICF may request additional documents or explanations. A claimant is responsible for monitoring the official CySEC or ICF publication and complying with the procedure and deadline specified for the relevant activation event.

9. ASSESSMENT OF CLAIMS

- 9.1. The ICF examines whether the claimant is a Covered Client, whether the application was submitted correctly and on time, whether the claim arises from Covered Services and whether an exclusion or rejection ground applies.
- 9.2. The ICF may verify records held by the Company and may request information from the claimant, the Company or relevant third parties. The Company will cooperate with the ICF and CySEC as required by Applicable Regulations.
- 9.3. An application may be rejected where the statutory conditions are not satisfied or where, for example, the claimant uses fraudulent means, knowingly provides false evidence or the loss substantially results from the claimant's relevant offence or concurrent negligence, subject to the ICF Directive.
- 9.4. The ICF communicates its determination and the compensation amount in accordance with the applicable procedure. Any right to challenge a determination is governed by the law and the information accompanying the decision.

10. CULATION AND MAXIMUM COMPENSATION

- 10.1. The amount of an eligible claim is calculated under the legal and contractual terms governing the relationship between the Client and the Company, taking into account the amount of money and value of Financial Instruments that the Company is unable to repay or return and applying any permitted set-off.
- 10.2. All established covered claims of the same Client against the Company are aggregated, regardless of the number of Accounts, currencies, Financial Instruments, Covered Services or place where the Service was provided.
- 10.3. The maximum compensation payable to a Covered Client is the lower of:
- 90% of the Client's total established covered claim; and
 - EUR 20,000.
- 10.4. The EUR 20,000 limit applies per Covered Client and per failed Fund member, not per Account, transaction, product or Financial Instrument.

11. JOINT ACCOUNTS AND REPRESENTATIVE CAPACITY

- 11.1. For joint investment business, each Covered Client's share is taken into account. Claims are generally allocated equally unless the contractual arrangements or applicable rules establish a different share.
- 11.2. Subject to the ICF Directive, each eligible joint holder may be entitled to separate coverage up to the applicable limit. Claims belonging to a partnership, association or similar grouping without legal personality may be aggregated and treated as a claim of a single investor for the purpose of the compensation limit.
- 11.3. Where a person acts as trustee, nominee, agent, representative or otherwise for another person, the ICF will determine the person entitled to compensation by reference to the applicable law, Account records and evidence of beneficial entitlement.



12. PAYMENT AND EFFECT OF COMPENSATION

- 12.1. Approved compensation is paid by the ICF in accordance with the method and timeframe prescribed by Applicable Regulations and the relevant public invitation or decision. Payment may be delayed where entitlement is disputed, information is incomplete or legal proceedings affect the claim.
- 12.2. Payment of compensation may result in the relevant rights and claims against the Company being transferred or subrogated to the ICF to the extent provided by law. A claimant may be required to execute documents or provide confirmations necessary for payment.
- 12.3. The ICF limit does not necessarily extinguish a Client's claim against the Company for any uncompensated balance. The ranking, enforcement and recovery of any remaining claim will depend on applicable insolvency and other legal procedures.

13. THIRD PARTY CUSTODY AND OMNIBUS ARRANGEMENTS

- 13.1. The Company may hold Client Money or Financial Instruments through banks, execution brokers, custodians, sub-custodians, nominees or other third parties, including through omnibus accounts. The legal and operational consequences of a third-party failure depend on the relevant custody structure, applicable law and any compensation or insolvency regime applicable to that third party.
- 13.2. A loss arising from the failure of a third party is not automatically compensated by the ICF. The relevant question is whether the Client has an eligible established claim against the Company arising from Covered Services and whether the conditions of the ICF Directive are satisfied.
- 13.3. Separate protection may be available under a compensation scheme or other legal arrangement applicable to the relevant third party. The availability, scope and limits of such protection are determined by that scheme or arrangement and are not guaranteed by the Company.

14. FURTHER INFORMATION REVIEW AND AMENDMENTS

- 14.1. Further information about the ICF, including any activation decision, claim invitation and current procedure, is available through CySEC's website [here](#). In the event of inconsistency, Applicable Regulations and official ICF communications prevail over this Policy.
- 14.2. The Company may amend this Policy from time to time. Active Clients will be informed of material Client-facing changes in accordance with the Client Agreement and Applicable Regulations. The current version will be made available through the Company's Website or another Durable Medium.
- 14.3. Capitalised terms not defined in this Policy have the meaning given in the Client Agreement.