

# INFORMATION REGARDING THE INVESTOR COMPENSATION FUND

*Last updated February 2018*

*This document is provided to you in compliance with Art. 77, paragraph (1) of the Public Offering of Securities Act, hereinafter referred to as "POSA".*

## 1. Introduction

Up Trend Ltd. is a Bulgarian Investment Firm (BIF), a company incorporated and registered under the laws of Republic of Bulgaria under UIC 121527003 having its registered office at Bulgaria, Sofia, Lozenets area, Nikola Vaptsarov 6 Blvd., holder of investment Firm license by decision № ПГ-03-110 of the Bulgarian Financial Supervision Commission, (hereinafter, "the Company").

The Company is a member of the Investor Compensation Fund (hereinafter referred to as "the Fund"), established in Bulgaria as a legal entity. Its registered address is at 31 Tsar Shishman Str., Sofia, Bulgaria; website: [www.sfund-bg.com](http://www.sfund-bg.com).

The Fund guarantees payment of compensation to the covered clients of licensed and regulated by Bulgarian Financial Supervision Commission investment intermediaries in Bulgaria, such as Up Trend, as well as to the clients of their branches in host states, under the conditions and procedure set out in the POSA.

## 2. Object of the Fund

- 2.1. The object of the Fund is to secure the claims of the covered clients of licensed and regulated by Bulgarian Financial Supervision Commission (FSC) investment intermediaries in Bulgaria, that are members of the Fund (Fund Members) against Fund Members, in situations where BIF is unable to fulfil its obligations.
- 2.2. Compensation shall be paid for the receivables that have arisen as a result of the inability of the BIF to return the clients' assets in compliance with the legal and contractual provisions. Clients' assets shall mean the cash, financial instruments and other assets, of a BIF's clients, which the BIF holds, administers or manages for their account in connection with the services provided in compliance with Art. 6, paragraph (2) and (3) of the Markets in Financial Instruments Act, including interests, dividends and other such payments.
- 2.3. The Fund provides compensation in case when a BIF is not able to pay out its liabilities to its clients due to reasons directly related to its financial state. The Fund will pay compensation to clients of the Company in the following cases:
  - i. If insolvency proceedings have been initiated for the Company by virtue of a court decision, including where the insolvency proceedings are terminated under Art. 632 of the Commerce Act;

- ii. If the Company's license has been withdrawn by virtue of a decision by the FSC, where the financial condition of the investment Firm has continuously deteriorated and the firm cannot meet its liabilities.
  - iii. with a decision of the FSC it was established that the conditions under Art. 77b, point 3 of the POSA.
- 2.4. Within 7 (seven) days as of the receipt of the decision referred to in article 2.3. above, the Fund will publish at least in two central daily newspapers and on its [website](#) an announcement specifying the pronounced decision for payment of compensation to clients of the BIF and the term in which the clients of the BIF may lodge a request for payment of compensation by the Fund, as well as the bank appointed to service payments of compensation.
- 2.5. Subject to compensation are receivables arising as a result of the inability of the BIF to repay client money, financial instruments or other liabilities towards clients, following the procedure and applying the conditions and limitations under the applicable law. The compensation's maximum amount is 90% of the eligible client's claim but not more than EUR 20 451.

### 3. Covered Services

Covered Services are the investment and ancillary services listed on the Company's license (License PF-03-110) issued by the FSC.

### 4. Covered Clients

The Fund covers Retail Clients of the Company. It does not cover Professional Clients and Eligible Counterparties. For more details see paragraph 5 below.

### 5. Non-covered Clients

- 5.1. The Fund does not pay compensation to claims arisen out of and/or related to deals and actions, defined as "money laundering" within the meaning of Art. 2 of the Law on Measures against Money Laundering, if the offender has been convicted and the sentence is effective as well as to claims of individuals defined under the Art. 77d, paragraph 2 of the POSA.
- 5.2. The following, but not limited to, categories of institutional and professional investors:
- a. Investment Firms,
  - b. Credit institutions,
  - c. Insurance Companies,
  - d. Collective investment schemes and special purpose vehicles,
  - e. Pension and Social insurance funds,
  - f. Investors categorised by the Company as professionals, upon their request,
  - g. The government and government institutions,

- 5.3. Persons who own directly or indirectly 5 or over 5 per cent of the votes in the general meeting of the BIF or may control it, as well as persons, belonging to the same group to which the BIF also belongs, for which consolidated reports are prepared;
- 5.4. Members of the management and supervisory body of the BIF, as well as of its procurators.

## 6. Compensation Payment Procedure

- 6.1. When there are circumstances for paying out compensation, the Fund publishes an announcement at least in two national daily newspapers about the period during which the eligible investors can submit their claims for compensation as well as about the bank that will make the payments.
- 6.2. Within the period of one year since publishing the announcement about starting a compensation payout, a written claim has to be submitted to the Fund. The appointed Assignee of the failed BIF compares the claims with the accounting records and with the documentation of the Firm. In order to prevent abuses it is recommended that investors keep all portfolio statements issued by the BIF.
- 6.3. The Fund's Management Board in coordination with the failed BIF's Assignee considers the grounds for compensation, determines the amount of the receivables and pays out the claim no later than three months after the grounds for compensation have been found out. In certain circumstances the deadline for paying compensation can be prolonged by no more than three months but it should be approved by the FSC.