



**LEAFLET OF AXIA VENTURES GROUP LTD IN RELATION TO THE INVESTOR
COMPENSATION FUND FOR CLIENTS OF CIFs**

1. INVESTOR COMPENSATION FUND

Axia Ventures Group Ltd ("AXIA") is a member of the Investor Compensation Fund (the "Fund") for Clients of Cypriot Investment Firms (CIFs) and other Investment Firms (IFs) participating in the Fund, which are not credit institutions (the "Fund's Member(s)"). The Fund's operation and activity is governed by the Directive DI144-2007-15 of the Cyprus Securities and Exchange Commission on the "Continuance of Operation and the Operation of the CIF Investor Compensation Fund", which has been issued in the context of the provisions of Law 144(I)/2007 on Investment Firms (the "Law") .

The Fund constitutes a private law legal entity and its administration is exercised by an Administrative Committee of five members, who are designated for a three-year term.

The Fund has been operating since 30 May 2004.

2. COVERED SERVICES

The services provided by the Fund's Members that are eligible to the Fund's compensation ("Covered Services") are all the investment services as enumerated in the Law, as well as the ancillary service of safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management that are provided by each Fund's Member in accordance with their operating authorization, as granted or updated from time to time, by the Cyprus Securities and Exchange Commission.

3. COVERED CLIENTS

The clients of a Fund member, who are covered by the Fund for claims against the Fund member, arising from the Covered Services ("Covered Clients") are all the Clients of the Fund's Member except those who are included in the following categories of investors:

1. Institutional and professional investors such as:
 - a) Investment Firms (IFs)
 - b) Legal entities associated with AXIA and, in general, belonging to the same group of companies as AXIA,
 - c) Banks,
 - d) Co-operative credit institutions,
 - e) Insurance companies,
 - f) Collective investment organisations in transferable securities and their management companies,
 - g) Social insurance institutions and funds,
 - h) Investors characterized by AXIA as professionals, upon their request, in accordance with the Law.
2. States and supranational organizations.
3. Central, federal, confederate, regional and local administrative authorities.

4. Enterprises which have close ties with the Fund's Member, according to the definition of "close ties" in Section 2(1) of the Law.
5. Executive and managerial officers of the Fund's Member.
6. Shareholders of the Fund's Member, whose participation directly or indirectly in the capital of the Fund's Member amounts to at least 5% of its share capital, or its partners who are personally liable for the obligations of the Fund's Member, as well as persons responsible for the carrying out of the financial audit of the Fund's Member, as provided by the Law, such as its qualified auditors.
7. Investors having in enterprises connected with the Fund's Member and, in general, the group of companies to which the Fund's Member belongs, positions or duties corresponding to the ones listed in paragraphs 5 and 6.
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. (a) Investors, whose claim arises out of transactions involving individuals, who have been convicted of a criminal offence for these transactions, pursuant to the Prevention and Suppression of Money Laundering Activities Law of 2007 as amended.
(b) Apart from the investors referred to above, investors-clients of the Fund's Member responsible for facts pertaining to the Fund's Member which have caused its financial difficulties or have contributed to the worsening of its financial situation or who 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 European Union.

AXIA's Covered Clients include the clients of branches of AXIA established in member states of the European Union.

4. OBJECT OF THE FUND

The object of the Fund is to secure the claims of the Covered Clients against the members of the Fund by the payment of compensation for their claims arising from the Covered Services provided by its members, so long as failure by the member to fulfill its obligations has been ascertained.

Failure by AXIA to fulfill its obligations consists of its failure to-

- (a) Either return to its Covered Clients funds owed to them or funds which belong to them but are held by AXIA, directly or indirectly, in the context of the provision by AXIA to the said clients of Covered Services, and which the latter requested AXIA to return, in exercising their relevant right,
- (b) Or hand over to the Covered Clients financial instruments which belong to them and which AXIA holds, manages or keeps on their account, including circumstances where AXIA is responsible for the administrative management of the said financial instruments.

5. PREREQUISITES FOR INITIATING THE COMPENSATION PAYMENT PROCEDURE

The Fund initiates the compensation payment procedure when at least one of the following prerequisites is fulfilled:

- (a) The Cyprus Securities and Exchange Commission has determined that the Fund's Member is for the time being unable to meet its obligations arising from its investors-clients' claims, in connection with the Covered Services it has provided, as long as such inability is directly related to the Member's financial position which has no realistic prospect of improvement in the near future, or
- (b) A Court, based on reasonable grounds directly related to the financial position of the Fund's Member, has issued a ruling which has the effect of suspending the investors-clients' ability to lodge claims against the Fund's Member.

Upon issuance of a decision by the Cyprus Securities and Exchange Commission and/or by the **Court** in accordance with paragraph (a) and/or (b) above respectively, on the commencement of the compensation payment procedure, the Fund publishes in at least three national newspapers an invitation to the Covered Clients to make their claims against the Fund's Member arising from Covered Services, designating the procedure for the submission of the relevant applications, the deadline for their submission and their content.

6. CALCULATING THE AMOUNT OF PAYABLE 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 Fund's Member, subject to the rules of set-off applied for the calculation of the claims between the Covered Client and the Fund's Member. The calculation of the payable compensation derives from the sum of total established claims of the Covered Client against the Fund's Member, arising from all Covered Services provided by the Fund's Member and, regardless of the number of accounts of which the client is a beneficiary, the currency and place of provision of these services.

The valuation of the financial instruments pertaining to the compensation payable to the Covered Client is carried out based on their value at the day (a) of publication of the decision of the Cyprus Securities and Exchange Commission or (b) of the court ruling in accordance with paragraphs (a) or (b) of point 5. above.

Insofar as the amount of the claim determined exceeds the amount of Euro 20.000, the claimant receives as compensation the lump sum of Euro 20.000.

Upon completion of the valuation, the Fund (a) issues minutes listing the clients of the Fund's Member who are entitled to compensation, along with the amount of money each one of them is entitled to receive, and communicates it to the Cyprus Securities and Exchange Commission and the Fund's Member within five working days from its issue and (b) communicates to each affected client its findings no later than fifteen days from the issue of the minutes, determining the total compensation amount this client is entitled to receive. In the event that the claimant, to whom the Fund communicates the total compensation amount to which he/she is entitled, disagrees with the Fund's decision, he/she has the right to appeal to the Cyprus Securities and Exchange Commission, within ten days from the communication of the decision, justifying sufficiently his/her alleged claim.

The Fund is obliged to pay to each Covered Client - claimant the compensation within three months from sending to the Cyprus Securities and Exchange Commission the minutes with the compensation beneficiaries. The payment of the compensation by the Fund is deposited to a bank account of the Covered Client-claimant designated by the latter in writing to the Fund.

For any further information regarding the Fund, please refer to the offices of the Administrative Committee of the Fund, at the following address:

Administrative Committee of the Investor Compensation Fund for Clients of CIFs and other IFs
27 Diagorou Str., CY-1097 Nicosia.
Tel: +357 22 506600
Fax: +357 22 506700
Email: tae@cysec.gov.cy

For any further information regarding the Regulations, please refer to the Cyprus Securities and Exchange Commission's website at <http://www.cysec.gov.cy/en-GB/legislation/cysec/>