

The Investor Compensation Company Limited (“ICC”) was established for the administration of claims against the Investor Compensation Fund (“Fund”). We are a wholly-owned subsidiary of the Securities and Futures Commission (“SFC”). Our jobs are to receive, assess and determine claims against the Fund, make payments to claimants and pursue recoveries from defaults of licensed intermediaries (“intermediaries”).

The Fund is established under the Securities and Futures Ordinance to make compensation to investors who suffer pecuniary losses as a result of a default of an intermediary on or after 1 April 2003. The default must be related to exchange-traded products in Hong Kong. For defaults occurring on or after 1 January 2020, the Fund also covers investors’ losses in relation to securities traded on the Shanghai Stock Exchange or the Shenzhen Stock Exchange and in respect of which an order for sale or purchase is permitted to be routed through the northbound link of a Stock Connect arrangement. All brokers and banks licensed to provide securities or futures trading services in Hong Kong are covered.

#### **We DO**

- Accept a claim lodged in relation to intermediary defaults
- Determine a claim for compensation
- Pay compensation to claimants

#### **We DON’T**

- Compensate against normal market risk such as when your shares have gone down in value
- Handle complaints against intermediaries
- Penalize wrongdoers or take action against the defaulting intermediaries

#### **Q&A**

<p><b><i>What constitute a default of an intermediary?</i></b></p> <p>Default means an intermediary, its employee or its associated person is in bankruptcy, winding up or insolvency or has committed breach of trust, defalcation, fraud or misfeasance.</p>
<p><b><i>Am I eligible to file a claim?</i></b></p> <p>The objective of the Fund is to provide retail investors with a certain level of security. Retail investors of any nationalities who suffer pecuniary losses as a result of a default of an intermediary in relation to exchange-traded products in Hong Kong are eligible to claim. For defaults occurring on or after 1 January 2020, the Fund also covers investors' losses in relation to securities traded on the Shanghai Stock Exchange or the Shenzhen Stock Exchange and in respect of which an order for sale or purchase is permitted to be routed through the northbound link of a Stock Connect arrangement.</p>
<p><b><i>Is there a compensation limit?</i></b></p> <p>For defaults occurring on or after 1 January 2020, the compensation limit is raised from HK\$150,000 to HK\$500,000 for trading securities and futures contracts respectively. If you sustained losses in relation to securities, the amount of compensation payable to each claimant will not exceed HK\$500,000. If you sustained losses in relation to futures contracts, the upper limit of the compensation is also HK\$500,000. The limit is per person. For joint account, each of the account holders will be subject to a maximum payment limit of HK\$500,000.</p>
<p><b><i>How do I claim compensation?</i></b></p> <p>If it is determined that an intermediary has committed a default, we may issue a notice to invite claims. A claim must be lodged with the ICC on the form specified and within the time specified on the notice. The claim form can be downloaded from the ICC’s website, or obtainable from the offices of the ICC and the SFC, or the venue specified in the claim notice.</p>
<p><b><i>What documentations are required to accompany a claim?</i></b></p> <p>You must submit copies of documents that the defaulting intermediary has given to you about your investments and account position. These include the client’s account agreement, account statements, contract notes, proofs of payment, deposit receipts for securities, dishonoured cheque and Agreement relating to trading Stock Connect securities etc. The more evidence you can provide, the easier for us to deal with your claim. Therefore, we remind you to keep proper records of the above documents, so that you could provide sufficient evidence to lodge a claim in case of intermediary defaults.</p>
<p><b><i>How is the amount of compensation be calculated?</i></b></p> <p>The amount of compensation is calculated according to closing prices of securities or futures contracts on the date of default by the intermediary, which is normally the date of suspension of trading by the intermediary.</p>