



**OVERVIEW OF
THE INVESTORS'
PROTECTION FUND (IPF)
CLAIMS VERIFICATION
AND COMPENSATION PROCESS**

Introduction

The Investors' Protection Fund (IPF) was established by The Exchange pursuant to Section 197 of the Investment and Securities Act 2007 ("ISA").

The objective of the IPF is to compensate investors who suffer pecuniary loss arising from the situations in Sections 198 and 212 of the ISA:

Defalcation committed by a Dealing Member Firm (DMF) or any of its directors, officers, employees or representatives in relation to securities, money or any property entrusted to or received or deemed received by the DMF in the course of its business as a DMF.

The revocation or cancellation of the registration of a DMF by the Securities and Exchange Commission

The insolvency, bankruptcy or negligence of a DMF of The Exchange

Stages of IPF Claims Verification and Compensation Process



Investors are required to forward a written complaint to The Exchange. Upon receipt, the claim is verified by the Exchange and if eligible under Sections 198 and 212 of the ISA the claim will be referred to the IPF



The Board of Trustees (BOT) of the IPF reviews and approves the verified claims and authorizes the referral of investors for identity verification



An investor is required to undergo the Identity Verification exercise by an Identity Verification Consultant engaged by the BOT



Upon an investor's completion of the identity verification exercise, a report is presented for the approval of the BOT



Upon the approval of the BOT, the investor is required to execute an indemnity and subrogation agreement following which payment of compensation is made to the investor.

Maximum Compensation

N400,000

The maximum compensation approved by the BOT in respect of a claim by an investor who has suffered compensable losses is the sum of N400,000.00 (Four Hundred Thousand Naira).

Rule 4.04 (1): Amount of Compensation; Investors' Protection Fund Rules states that:

1) The maximum compensation payable to an investor who has suffered a loss shall be an amount that is determined by the Board from a written policy from time to time; and where the loss is less than the maximum amount fixed by the Board at any given time, the investor may be paid the full amount of the loss, less any amount or value of all monies or other benefits received or receivable by him from a source other than the Fund in reduction of the loss.

Rejection of Claim for Compensation

A claim that does not arise from an event described in Sections 198 and 212 of the ISA

A claim in respect of a defalcation concerning money or other property which, prior to the commission of the defalcation, had in the due course of the administration of a trust ceased to be under the control of the director or directors of the DMF concerned (Section 213 (5) of the ISA)

A claim not made within 6 months after the claimant became aware of the defalcation shall be barred unless the Securities and Exchange Commission (SEC) otherwise determines (Section 214 (2) of the ISA)

The investor is responsible for, or has directly or indirectly profited from, events relating to the DMF's business which gave rise to the DMF's financial difficulties (Rule 4.02 (2) & (3) Payment of Compensation, Investors' Protection Fund Rules)

The Exchange forwards a letter to the claimant communicating the rejection of his/her claim and the reason for the rejection.

