



**Veles** International

# **CLIENT COMPLAINT HANDLING PROCEDURE**

**April 2017 revision**

## **General**

This Client Complaint Handling procedure (“*this Procedure*”) is issued pursuant to and in compliance with Paragraph 13 of CySEC Directive DI144-2007-01 of 2012, CySEC Circular C100 of 07 December 2015, CySEC Circular C198 of 11 April 2017 and the best practice on the matter existing in the EU that applies to Veles International Limited (“*VIL*”).

This document sets out VIL’s internal requirements aiming to ensure reasonable and prompt handling of complaints or grievances received from retail clients or potential retail clients, proper record-keeping of each complaint, as well as appropriate, timely and fair complaint’s resolution, informing clients and reporting complaints to the CySEC.

The ultimate purpose of this Procedure is to provide for due investor protection and fair treatment of the clients of VIL by its acting honestly, fairly and professionally in accordance with the clients’ best interests avoiding, inter alia, every possible conflict of interests.

Irrespective of the time limits set out in this Procedure VIL will always strive to perform all the required actions, including providing confirmations, conducting investigations and responding to the clients, in as short period of time as possible taking into account the nature and the complexity of particular complaints and underlying transactions, as well as the time passed.

All complaints filings, investigations, responses and other actions associated with client complaints handling process and indicated in this Procedure are free of charge for VIL’s clients.

## **Definitions**

“*Complainant*” means any person, natural or legal, which is eligible for lodging a complaint to Veles International Limited and who has already lodged a complaint.

“*Complaint/Grievance*” means a statement of dissatisfaction addressed to VIL by the Complainant relating to the provision of investment services.

“*Not complaints/grievance*” shall mean minor issues brought up by clients or potential clients arising in the ordinary course of business, from merely temporary delays, misunderstanding or need for additional clarification, not leading to the material losses, and resolved immediately to the client’s satisfaction on the departmental level, which shall not be considered as “*Complaint/Grievance*», unless the client or potential client remains unsatisfied by the explanation and/or offered solution to the problem, and follows procedures described in this document.

“*Client*” means any client of VIL who has valid brokerage or investment management services agreement with VIL.

## **Complaint Management Function**

Client Enabling Unit of VIL’s Back-office will act in the capacity of Complaint Management Function (“*the CMF*”) responsible for all VIL’s activities set out in this Procedure, except for reporting to CySEC, under the close supervision of VIL’s Compliance. The CMF’s activities must enable all Complaints to be investigated fairly and possible conflicts of interest to be identified and mitigated effectively. Ultimate responsibility of proper client complaint handling rests with VIL’s Executive Management.

## **The Procedure**

To submit a Complaint/Grievance the Client should complete and sign the Client Complaint Form which can be a letter in a free format containing the client identification details (full name, postal

address or passport number), the details of the agreement (date and number) and the nature of the complaint described as fully as possible. The completed and signed Client Complaint Form should be sent by the Client to VIL's e-mail address [info@veles-int.com](mailto:info@veles-int.com), attention to Executive Management, as indicated in the Client Agreement, along with a copy of any additional documentation that the Client considers relevant or supportive to the Complaint.

Promptly upon receiving the Client Complaint Form the CMF registers the Complaint on an internal achieve ("*the Complaint Register*") giving it a unique reference number consisted of ten digits:

- the first two digits are the code of VIL in the CySEC Transaction Reporting System – TRS,
- the following four digits define the year, and
- the last four digits denote the number of each complaint serial number (e.g. for 2016 - AA20160001, AA20160002, for 2017 - AA20170001, AA20170002).

Within 5 (five) business days of receiving the Client Complaint Form the CMF will send to the Complainant by e-mail, or other form of communication specified in the particular Client Agreement, a written confirmation containing

- the reference number of the Complaint;
- the notification that the Client should use the said reference number in all future contact with VIL, the Financial Ombudsman and/or the CySEC regarding the respective Complaint;
- the particular page of VIL's web-site where this Procedure can be found (<http://veles-international.com/en/Services/Regulations>)

The CMF, with support and under the supervision of VIL's Compliance, investigates the Complaint and reply, within two months, to the Complainant about the outcome/decision. When investigating the Complaint the CMF should gather and analyse all relevant evidence and information regarding the Complaint, the underlying transaction(s), market information and the relevant communications. In case of any uncertainty thereon or suspicion of the existence of a conflict of interest VIL's Compliance should be immediately informed.

During the investigation of the Complaint, the CMF informs the Complainant (in a way specified above), as well as VIL's Compliance and Executive Management, on the stages (progress) of the Complaint handling process.

In the event that the CMF is unable to respond within two months, it informs the Complainant of the reasons for the delay and indicates the period of time within which it is possible to complete the investigation. This period of time cannot exceed three months from the initial submission of the Complaint by the Client.

### **Dissatisfied client's rights**

If the Client is dissatisfied with VIL's final response it can either ask VIL to reconsider it or the Client can refer the matter to the Financial Ombudsman Service (as specified below) or to Cyprus Securities and Exchange Commission (CySEC).

The Client should be informed that resolving disputes through the Financial Ombudsman has several advantages over the court proceedings; among them are the following:

- field professional expertise of the Financial Ombudsman
- lower cost for the Client
- less time consuming
- no obligation for the Client to retain a lawyer
- physical presence of the Client is not necessary

- this does not prevent the Client so seek redress in courts.

### **Referral by the Client of unresolved Complaint to the Financial Ombudsman**

If the Client is an individual, or a legal entity, trust or charitable entity that can be categorised as a consumer under the legislation governing the creation and operation of an Alternative Dispute Resolution framework in Cyprus (Financial Ombudsman), as described in the Annex 1 to this document, the Client is entitled to escalate a Complaint to the Financial Ombudsman if the solution or action taken / provided by VIL is not to its satisfaction.

The Complaint to the Financial Ombudsman should be filed within 3 (three) months from the receipt of the response from VIL if a client is not satisfied with the resolution or if VIL does not respond at all.

The Financial Ombudsman can be contacted in either of the following ways:

- Contact office address: Lord Byron Avenue, 13, 1096 Lefkosia OR P.O.25735, 1311, Lefkosia
- By fax: +35722660584 or +35722660118
- By email: [complaints@financialombudsman.gov.cy](mailto:complaints@financialombudsman.gov.cy)

The Complaint form shall be accompanied by the evidence of the paid fee (€20).

The payment can be done at any of the following banks:

- a) Συνεργατική Κεντρική Τράπεζα ή Συνεργατικό Πιστωτικό Ίδρυμα, IBAN: CY16 0070 1010 0000 0000 4002 8214
- b) Ελληνική Τράπεζα, IBAN: CY78 0050 0109 0001 0901 7087 6401
- c) (Τράπεζα Κύπρου, IBAN: CY52 0020 0195 0000 3570 1944 4789

For more information, the clients shall visit the website ([www.financialombudsman.gov.cy](http://www.financialombudsman.gov.cy)).

The Financial Ombudsman Online Complaint Forms can be found at the following link:

[http://www.financialombudsman.gov.cy/forc/forc.nsf/page15\\_gr/page15\\_gr?OpenDocument](http://www.financialombudsman.gov.cy/forc/forc.nsf/page15_gr/page15_gr?OpenDocument)

### **Referral by the Client of unresolved Complaint to the CySEC**

Veles International Limited is authorized and regulated by the Cyprus Securities and Exchange Commission, who has set out specific rules for the handling of Complaints. This procedure is compliant with the CySEC rules but if the client wishes to obtain further information it may contact the CySEC at the following web-address: <http://www.cysec.gov.cy/en-GB/complaints/cifs/>

### **Reporting Client complaints to the CySEC**

Every month, VIL (the Compliance Department) prepares and procures the provision to the CySEC of the information regarding the Complaints received in the reporting month, including in case there were none, and how these are being handled.

In particular, the Compliance Department completes the form XX\_yyyymmdd\_T144-002-01 (excel file, the 'Form') in accordance with Annex 1 to Circular C100 and Section A of Circular C198. The 'Form' is sent to the CySEC by VIL's Back-office by request of the Compliance Department, in electronic form via the TRS, within five days after the reporting month. All relevant details for completing and sending the 'Form' are referred to in Annex 2 to Circular C100 and Section A of Circular C198.

In the event where VIL has resolved and/or revised a complaint which was referred to the CySEC in a previous submission of the above mentioned 'Form', there must be completed all the fields of the 'Form' with the selection of the 'U' from the column "Record Type".

### **Analyzing complaints by VIL**

VIL's Compliance analyses, on an on-going basis, complaints-handling data, to ensure that any recurring or systemic problems, as well as potential legal and operational risks, are identified and addressed. For this purpose the following action are taken:

- The causes of individual complaints are analyzed so as to identify root causes, including internal communication and other business processes, common to types of complaints;
- The root causes identified are scrutinized whether they also affect, or have potential to effect, other processes or financial means, including those not directly complained of;
- The root causes identified are reported by Compliance to Executive Management immediately and to VIL's Board of Directors in an annual report;
- The necessary and proportionate measures are taken under the supervision of Executive Management to ensure that the root causes identified are amended accordingly.

## **ANNEX 1**

### **The Law relating to the establishment and operation of a single agency for the out of court settlement of disputes of financial nature (financial ombudsman) (extract only)**

"Consumer" means, subject to the provisions of Section 10, a natural or legal person or a charity foundation or association or association of persons or trust or provident fund, but does not include a competent supervisory authority or, subject to the proviso of paragraph (a) and the first proviso of paragraph (b) of Section 10, any financial undertaking;

Section 10:

“...the consumer is-

a) a natural person:

Provided that, a natural person within the definition of the term "financial undertaking" as defined in Section 2, may submit a complaint to the Financial Ombudsman against another financial undertaking, only if the complaint relates to services that the person concerned does not offer to its customers;

(b) a legal person whose annual turnover in the year preceding the year in which the complaint is submitted to the Financial Ombudsman, did not exceed two hundred and fifty thousand euro (€ 250.000):

Provided that a legal person within the definition of the term "financial undertaking" as defined in Section 2, may submit a complaint to the Financial Ombudsman against another financial undertaking, only if the complaint relates to services that it does not itself offer to its customers:

Provided further that in case the legal person was established in the year preceding the year in which the complaint is submitted to the Financial Ombudsman, the annual turnover is estimated as the turnover for the period from 1 January of the year in which the complaint is submitted until the date the complaint is submitted to the Financial Ombudsman, by extrapolation in analogy to twelve months;

(c) a charity foundation or association or a society of persons, whose annual revenues in the year preceding the year in which the complaint is submitted to the Financial Ombudsman, do not exceed two hundred and fifty thousand euro (€ 250.000):

Provided that, in case the charity foundation or association or society of persons was established in the year preceding the year in which the complaint is submitted to the Financial Ombudsman, the annual revenue is estimated as the revenue for the period from 1 January of the year in which the complaint is submitted to the date the complaint is submitted to the Financial Ombudsman, extrapolated in analogy to twelve months;

(d) a trust, the net assets of which on 31 December of the year preceding the year in which the complaint is submitted to the Financial Ombudsman, does not exceed two hundred and fifty thousand euro (€ 250.000):

Provided that, in case the trust was established during the year in which the complaint is submitted to the Financial Ombudsman, the net assets of the trust at the date of the complaint shall not exceed two hundred fifty thousand euro (€ 250.000);

or

(e) a provident fund, the net assets of which on 31 December of the year preceding the year in which the complaint is submitted to the Financial Ombudsman, does not exceed two hundred and fifty thousand euro (€ 250.000):

Provided that, in case the provident fund was established during the year in which the complaint is submitted to the Financial Ombudsman, the net assets of the fund at the date the complaint is submitted does not exceed two hundred and fifty thousand euro (€ 250.000).