

- The amount the investor can claim is calculated by summing the cash deposited and the market value of the securities held in his or her name on the date when the intermediary was declared insolvent. Where necessary, the balance of different accounts should be added together to arrive at a total net position.

In the event of various account co-holders, their individual positions will be determined with reference to the terms of the contract signed with the intermediary. Failing this, the total balance will be split equally among them. Remember here that FOGAIN covers a maximum of 100,000 euros per investor

- FOGAIN will pay out compensation after the appropriate checks, when it considers the amounts claimed to be duly accredited.



Other Guarantee Funds

- The cash balances and financial instruments arising from transactions made through credit entities are covered by the **Deposit Guarantee Fund** corresponding to the institution in question (bank, savings bank or credit cooperative).

- Investments made through foreign intermediaries authorised to operate in Spain who are not FOGAIN members will qualify for the coverage envisaged in their respective home country legislations.

Transactions made through unauthorised intermediaries (boiler rooms) enjoy neither the protection of FOGAIN nor that of any other Guarantee Fund.



Cases not qualifying for coverage

- Transactions made through unauthorised intermediaries (boiler rooms) enjoy neither the protection of FOGAIN nor that of any other Guarantee Fund. Hence the importance of only working with firms authorised to render investment services and supervised by the competent authorities.

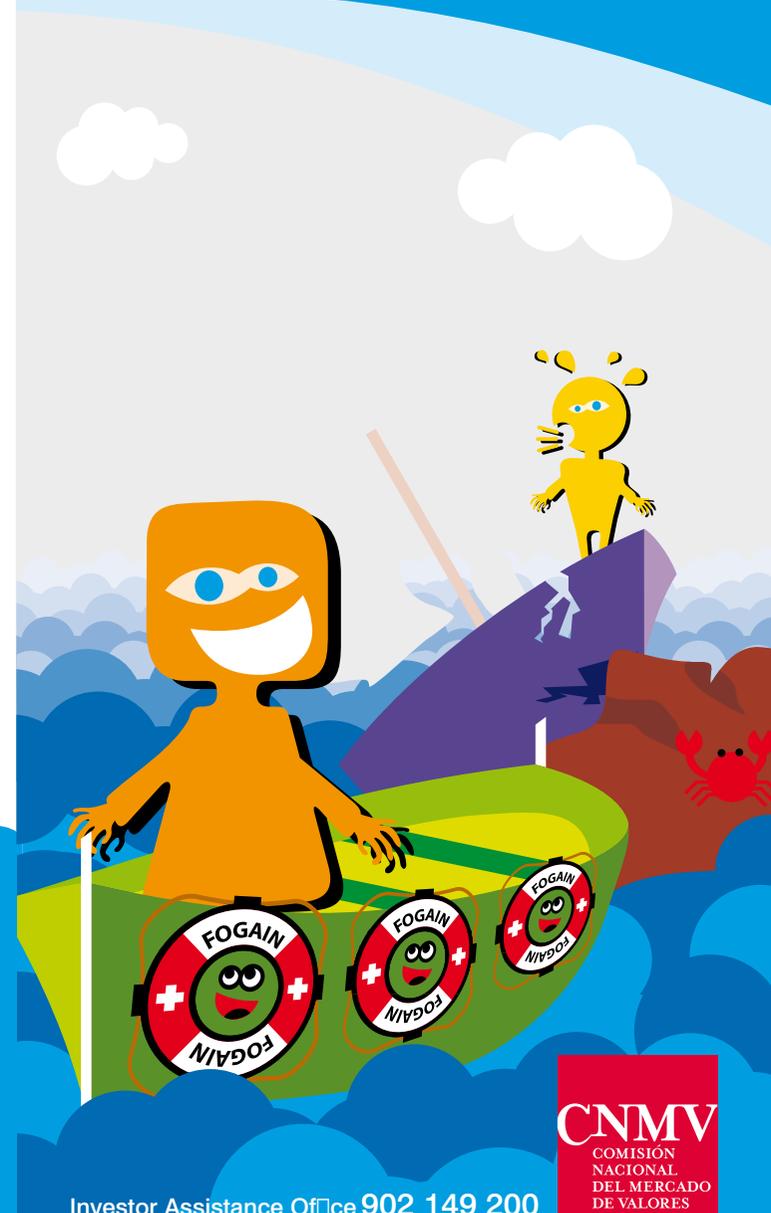
- Investments in tangible assets (stamps, trees, works of art, exotic animals, etc.) are not covered by FOGAIN or any other investor compensation scheme, since they are not subject to the supervision of a financial system regulator.

The aim of this factsheet is to inform the general public about different aspects of the securities markets. Its text is for information purposes only and, as such, cannot constitute a support for subsequent legal interpretations, which must rely exclusively on the prevailing regulations.

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INVESTMENT GUARANTEE FUND (FOGAIN)



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It is not possible to operate in securities markets without going through a firm that has been authorised to provide investment services (credit institutions or investment firms).

Authorised firms are bound to comply with a series of solvency standards and rules of conduct that are there to protect the investor. It is the job of the financial regulators (Comisión Nacional del Mercado de Valores and Banco de España) to ensure these legal standards are properly observed.

Also, authorised investment firms must contribute to the upkeep of an Investment Guarantee Fund (Fondo de Garantía de Inversiones or FOGAIN in its Spanish acronym), which affords investors additional protection in certain circumstances.



What kinds of claim does FOGAIN cover?

The Investment Guarantee Fund allows clients to recover cash or financial instruments entrusted to an investment firm, up to a maximum of 100,000 euros per investor, (starting October 10th), when the firm is unable to return them for one of the following reasons:

- Insolvency proceedings.
- An administrative declaration from the CNMV stating that the company is unable to meet the obligations contracted with its clients for reasons relating to its financial position. For this to occur, 21 working days must have passed since the investor made a failed application for the return of his or her assets (cash or securities).

It is important to remember that **FOGAIN does not cover any losses investors may incur due to movements in market prices**. Investors must accept such losses as a part of everyday market risk.

Affiliated entities

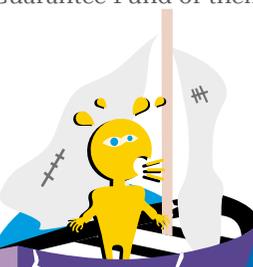


The coverage of the Investment Guarantee Fund extends to the clients of the following entities, which are legally obliged to become members:

- Investment firms authorised in Spain.
- The management companies of collective investment schemes, if they manage individual portfolios.
- Branches of investment firms authorised to operate in Spain but with their registered offices in a non-EU member state, unless they can accredit membership of a similar fund in their home country.

The branches of investment firms authorised in another European Union state may join FOGAIN on a voluntary basis, in order to supplement their home country coverage.

Foreign investment firms operating in Spain by way of the freedom to provide services (without a branch) are not FOGAIN members, and in the event of solvency their clients must claim compensation from the Guarantee Fund of their country of origin.



Firms affiliated to the Investment Guarantee Fund should keep details of its coverage at their offices or branches for the information of the public.

Investment firms that fail to keep up payments to FOGAIN may be excluded from the Fund. Such exclusion will cause the immediate revocation of their authorisation to operate in Spain.

How to claim FOGAIN coverage



- FOGAIN coverage is only available to **non professional investors** operating through authorised intermediaries that are registered with the CNMV.

- In any of the stated cases of insolvency where the investor is unable to recover the cash or securities deposited with an investment firm, he or she should make this known to the Investment Guarantee Fund Manager. The corresponding claim forms for compensation are posted on its website: www.fogain.org.

