

G.N. 3809

SECURITIES AND FUTURES ORDINANCE (Chapter 571)

Pursuant to section 240(9)(b) of the Securities and Futures Ordinance, the audited financial statements of the Investor Compensation Fund for the financial year ended 31 March 2023 are set out on pages 16350 to 16361.

Rico LEUNG
Chairman
Investor Compensation Fund Committee

INVESTOR COMPENSATION FUND
REPORT OF THE INVESTOR COMPENSATION FUND COMMITTEE

The members of the Investor Compensation Fund Committee (the Committee) present their annual report together with the audited financial statements for the year ended 31 March 2023.

Establishment of the Investor Compensation Fund

Part XII of the Securities and Futures Ordinance (Chapter 571) established the Investor Compensation Fund (the Fund) on 1 April 2003.

Financial statements

The financial performance of the Fund for the year ended 31 March 2023 and the financial position of the Fund as at that date are set out in the financial statements on pages 16353 to 16361.

Members of the Committee

The members of the Committee during the year and up to the date of this report were:

Mr Leung Chung Yin, Rico (Chairman)

Dr Lin, James C.

Ms Kwok Hom Siu Sally

Mr Wan Chi Yiu, Andrew

Interests in contracts

No contract of significance to which the Fund was a party and in which a Committee member of the Fund had a material interest, subsisted at the end of the year or at any time during the year.

Auditors

PricewaterhouseCoopers (PwC) retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of PwC as auditors of the Fund is to be proposed at the forthcoming Committee meeting.

29 May 2023

By order of the Committee
Rico LEUNG
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE SECURITIES AND FUTURES COMMISSION

Opinion

What we have audited

The financial statements of Investor Compensation Fund (the Fund) established under Part XII of the Securities and Futures Ordinance, which are set out on pages 16353 to 16361, comprise:

- the statement of financial position as at 31 March 2023;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA).

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (HKSA) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the HKICPA's Code of Ethics for Professional Accountants (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors of the Securities and Futures Commission (SFC) are responsible for the other information. The other information comprises all of the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors of the SFC for the financial statements

The directors of the SFC are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the directors of the SFC determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors of the SFC are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the SFC either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the SFC.
- Conclude on the appropriateness of the directors of the SFC's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors of the SFC regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

29 May 2023

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

INVESTOR COMPENSATION FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

(Expressed in Hong Kong dollars)

	Note	2023 \$'000	2022 \$'000
Income			
Interest income		65,264	6,646
Exchange gain		3,304	9,941
Recoveries		-	119
		68,568	16,706
		68,568	16,706
Expenses			
Investor Compensation Company Limited expenses	6	6,238	5,668
Auditor's remuneration		186	186
		6,424	5,854
		6,424	5,854
Surplus and total comprehensive income for the year		62,144	10,852

The notes on pages 16357 to 16361 form part of these financial statements.

INVESTOR COMPENSATION FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

(Expressed in Hong Kong dollars)

	Note	2023 \$'000	2022 \$'000
Current assets			
Interest receivable		47,392	1,689
Amount due from the Investor Compensation Company Limited		-	106
Fixed deposits with banks	7	2,472,685	2,455,431
Cash at bank	7	847	1,346
		<u>2,520,924</u>	<u>2,458,572</u>
Current liabilities			
Provision for compensation	8	3,394	3,394
Creditors and accrued charges		274	274
Amount due to the Investor Compensation Company Limited		208	-
		<u>3,876</u>	<u>3,668</u>
Net current assets		<u>2,517,048</u>	<u>2,454,904</u>
Net assets		<u>2,517,048</u>	<u>2,454,904</u>
Representing :			
Compensation fund		<u>2,517,048</u>	<u>2,454,904</u>

Approved and authorised for issue by the Securities and Futures Commission on 29 May 2023 and signed on its behalf by

Tim Lui
Chairman of the SFC

Julia Leung
Chief Executive Officer of the SFC

The notes on pages 16357 to 16361 form part of these financial statements.

INVESTOR COMPENSATION FUND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

(Expressed in Hong Kong dollars)

	Contributions from the Unified Exchange Compensation Fund (note 9) \$'000	Contributions from the Commodity Exchange Compensation Fund (note 9) \$'000	Accumulated surplus \$'000	Total \$'000
Balance at 1 April 2021	994,718	108,923	1,340,411	2,444,052
Surplus and total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>10,852</u>	<u>10,852</u>
Balance at 31 March 2022 and 1 April 2022	994,718	108,923	1,351,263	2,454,904
Surplus and total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>62,144</u>	<u>62,144</u>
Balance at 31 March 2023	<u>994,718</u>	<u>108,923</u>	<u>1,413,407</u>	<u>2,517,048</u>

The notes on pages 16357 to 16361 form part of these financial statements.

INVESTOR COMPENSATION FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023
(Expressed In Hong Kong Dollars)

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Surplus for the year		62,144	10,852
Adjustments for:			
Interest income		(65,264)	(6,646)
Exchange gain		<u>(3,304)</u>	<u>(9,941)</u>
		(6,424)	(5,735)
Change in amount due from/to the Investor Compensation Company Limited		<u>314</u>	<u>136</u>
Net cash used in operating activities		<u>.....(6,110).....</u>	<u>.....(5,599).....</u>
Cash flows from investing activities			
Increase in fixed deposits other than cash and cash equivalents		(300,430)	(197,149)
Interest received		<u>19,617</u>	<u>7,137</u>
Net cash used in investing activities		<u>.....(280,813).....</u>	<u>.....(190,012).....</u>
Net decrease in cash and cash equivalents		(286,923)	(195,611)
Cash and cash equivalents at the beginning of the year		<u>451,903</u>	<u>647,514</u>
Cash and cash equivalents at the end of the year	7	<u><u>164,980</u></u>	<u><u>451,903</u></u>
Analysis of the balance of cash and cash equivalents			
		2023 \$'000	2022 \$'000
Fixed deposits with banks		164,133	450,557
Cash at bank		<u>847</u>	<u>1,346</u>
		<u><u>164,980</u></u>	<u><u>451,903</u></u>

The notes on pages 16357 to 16361 form part of these financial statements.

INVESTOR COMPENSATION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

(Expressed in Hong Kong dollars)

1. *Purpose and principal activity*

The Securities and Futures Ordinance (SFO) provides for the establishment of the Investor Compensation Fund (the Fund) to compensate investors who suffer a loss due to the default of an intermediary in relation to trading of products on Hong Kong Exchanges and Clearing Limited. The defaulting intermediary must be licensed by or registered with the Securities and Futures Commission (SFC) for dealing in securities, futures contracts or securities margin financing. For defaults occurring on or after 1 January 2020, the Fund also covers investors' losses in relation to securities traded on a stock market operated by 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 (Stock Connect Securities).

The SFC is primarily responsible for the administration and management of the Fund in accordance with Section 238 of the SFO, but has transferred some functions to the Investor Compensation Company Limited (ICC) under Section 80 of the SFO. The ICC is thus responsible for receipt, determination and payment of valid claims against the Fund in respect of defaults of intermediaries occurring on or after 1 April 2003. Upon making payment to a claimant, the SFC is subrogated to the claimant's right against the defaulter.

Pursuant to Section 244 of the SFO, the Chief Executive in Council may make rules for the maximum amount of compensation that may be paid to a person making claim for compensation. For defaults occurring on or after 1 January 2020, the maximum compensation limit is raised from \$150,000 to \$500,000 per claimant for a single default.

If amounts owed to claimants against the Fund exceed the Fund's net assets, the SFC would apportion compensation payments to claimants as provided in the Securities and Futures (Investor Compensation – Claims) Rules. The SFC would pay unpaid claim amounts when funds become available in the Fund.

2. *Money constituting the Fund*

The Fund mainly consists of the amounts paid from the two compensation funds, the Unified Exchange Compensation Fund (UECF) and the Commodity Exchange Compensation Fund (CECF) (wound up on 26 May 2006). The SFC will also pay into the Fund in the coming year any remaining balance in the Securities Dealers' Deposits Fund and the Commodities Dealers' Deposits Fund after repaying the dealers' deposits and any money due to the registered dealers in accordance with Section 76 (11) of Schedule 10 of the SFO.

Other sources of money for the Fund include the levies chargeable on securities traded on the Stock Exchange of Hong Kong Limited (SEHK) (excluding orders routed through the southbound link of the Stock Connect arrangement), futures contracts traded on Hong Kong Futures Exchange Limited (HKFE) and Stock Connect Securities (see also note 5), and returns earned on any investment of the Fund.

3. *Significant accounting policies*

(a) *Statement of compliance*

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs), a collective term which includes all applicable individual HKFRSs, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and accounting principles generally accepted in Hong Kong. Significant accounting policies adopted by the Fund are set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Fund. None of these developments have a material effect on how the Fund's results and financial position for the current or prior periods are prepared or presented. The Fund has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(b) *Basis of preparation*

We have prepared these financial statements using the historical cost basis as the measurement basis.

We prepare the financial statements in conformity with HKFRSs which require management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. We make estimates and associated assumptions based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

We review estimates and underlying assumptions on an ongoing basis. We recognise revisions to accounting estimates in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) *Recognition of income*

(i) Interest income

We record interest income as it accrues using the effective interest method.

(ii) Recoveries

We recognise recoveries pursuant to Sections 87 and 243 of the SFO as income to the Fund. We record recoveries received when and only when we can be virtually certain that the recoveries will be received.

(d) *Translation of foreign currencies*

We translate foreign currency transactions during the year into Hong Kong dollars at the exchange rates prevailing at the transaction dates. We translate monetary assets and liabilities denominated in foreign currencies into Hong Kong dollars at the closing rate at the end of the reporting period. We record exchange gains and losses on translation in the statement of profit or loss and other comprehensive income.

(e) *Impairment of financial assets*

The Fund assesses on a forward looking basis the expected credit losses (ECL) associated with its financial assets carried at amortised cost. The Fund performs impairment assessment using 12-month ECL, unless there has been a significant increase in credit risk by comparing the risk of a default as at the reporting date and the initial recognition date.

(f) *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and fixed deposits with banks with original maturities of three months or less that are readily convertible to known amounts of cash.

(g) *Other receivables*

We state other receivables initially at fair value and thereafter at amortised cost less impairment losses (see note 3(e)), unless the effect of discounting would be immaterial, in which case we state them at cost less impairment losses.

(h) *Provisions for compensation*

We make provision for liabilities arising from claims resulting from defaults for which it is probable that the Fund will require an outflow of economic benefits to settle the obligation and the amount can be estimated reliably, independent of whether a notice calling for claims pursuant to Section 3 of the Securities and Futures (Investor Compensation – Claims) Rules has been published. The provision covers all such claims received up to the date on which the financial statements are approved by the SFC. If the effect is material, we determine provisions by discounting the expected future cash flows that reflect current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The maximum liability of the Fund to claims is set at \$150,000 per claimant for each default case occurring on or before 31 December 2019 and \$500,000 per claimant for each default case occurring on or after 1 January 2020.

As the Fund is continually updating information in respect of the claims received, it is possible that the recent claim experience is not indicative of future payments that will be required for claims received as at the end of the reporting period. Any increase or decrease in the provision would affect profit and loss in future years.

(i) *Creditors and accrued charges*

We state creditors and accrued charges initially at fair value and thereafter at amortised cost unless the effect of discounting would be immaterial, in which case we state them at cost.

(j) *Provisions and contingent liabilities*

We recognise a provision in the statement of financial position when the Fund has a legal or constructive obligation of uncertain timing or amount as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be estimated reliably.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, we disclose the obligation as a contingent liability, unless the probability of outflow of economic benefits is remote. We also disclose possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events as contingent liabilities unless the probability of outflow of economic benefits is remote.

(k) *Related parties*

For the purpose of these financial statements, a party is considered to be related to the Fund if:

- (a) A person, or a close member of that person's family, is related to the Fund if that person:
 - (i) has control or joint control over the Fund;
 - (ii) has significant influence over the Fund; or
 - (iii) is a member of the key management personnel of the Fund.
- (b) An entity is related to the Fund if any of the following conditions applies:
 - (i) The entity and the Fund are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Fund or an entity related to the Fund.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Fund.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. *Taxation*

The interest and profits on investments earned by the Fund are not subject to Hong Kong profits tax under Section 14 of the Inland Revenue Ordinance.

5. *Levy from SEHK and HKFE*

From 1 April 2003, the Fund received a levy chargeable on securities traded on SEHK and futures contracts traded on HKFE pursuant to Part 2 and Part 3 of the Securities and Futures (Investor Compensation – Levy) Rules.

After the Securities and Futures (Investor Compensation – Levy) (Amendment) Rules 2005 came into effect on 28 October 2005, a levy suspension and reinstatement mechanism was established whereby the investor compensation levies can be suspended when the net asset value of the Fund exceeds \$1.4 billion, and subsequently reinstated when the net asset value of the Fund falls below \$1 billion.

Pursuant to the Securities and Futures (Investor Compensation – Levy) (Amendment) Rules 2019 which came into effect on 1 January 2020, the Fund is entitled to a levy chargeable on securities traded on SEHK (excluding orders routed through the southbound link of the Stock Connect arrangement), futures contracts traded on HKFE and Stock Connect Securities. In addition, the trigger levels for levy suspension and reinstatement were raised to \$3 billion and \$2 billion respectively.

Pursuant to the Gazette on 11 November 2005, no person is required to pay any levy to the Fund in respect of a sale and purchase transaction of securities and futures contract with effect from 19 December 2005. The changes in trigger levels do not affect the levy suspension in effect.

6. *ICC expenses*

The SFC formed the ICC in September 2002 to perform functions on behalf of the Fund in relation to the compensation to investors and other functions under Part III and Part XII of the SFO. The Fund is responsible for funding the establishment and operation of the ICC. For the year ended 31 March 2023, the ICC incurred costs of \$6,238,000 for its operations (2022: \$5,668,000).

7. *Fixed deposits with banks and cash at bank*

The effective interest rates on bank deposits at 31 March 2023 ranged from 2.19% p.a. to 5.49% p.a. (2022: 0.22% p.a. to 1.25% p.a.). The deposit balances at both 31 March 2023 and 2022 mature within one year.

Reconciliation to cash and cash equivalents

	2023	2022
	\$'000	\$'000
Cash at bank	847	1,346
Fixed deposits with banks	<u>2,472,685</u>	<u>2,455,431</u>
Amounts shown in the statement of financial position	2,473,532	2,456,777
Less : Amounts with an original maturity beyond three months	<u>(2,308,552)</u>	<u>(2,004,874)</u>
Cash and cash equivalents in the statement of cash flows	<u><u>164,980</u></u>	<u><u>451,903</u></u>

8. *Provision for compensation*

The provision of compensation as at 31 March 2023 was \$3,394,000, which was related to a number of claims received in respect of a default case (2022: \$3,394,000). The maximum liability of the Fund to these claims is the lower of \$150,000 per claimant or the amount claimed. The provision is expected to be paid within one year.

9. *Contributions from the UECF and the CECF*

Under Sections 74(2) and 75(2) of Schedule 10 of the SFO, the SFC may pay into the Fund such sum of money from the UECF and the CECF as it considers appropriate after 1 April 2003. Up to 31 March 2023, the SFC had \$994,718,000 (2022: \$994,718,000) and \$108,923,000 (2022: \$108,923,000) paid into the Fund from the UECF and the CECF respectively.

The Fund defines 'capital' as including contributions from the UECF and the CECF and the accumulated surplus.

10. *Related party transactions*

The Fund has related party relationships with the SFC, the ICC and the UECF. There were no significant related party transactions other than those disclosed in the financial statements of the Fund for the years ended 31 March 2023 and 2022 (refer to notes 6 and 9).

11. *Financial risk management*

The Fund's interest bearing assets mainly comprise fixed deposits at banks which mature or reprice in the short term, as a result of which the Fund is exposed to limited interest rate risk. As at 31 March 2023, it was estimated that a general increase/decrease of 100 basis points in the interest rates, with all other variables held constant, would increase/decrease the Fund's surplus and accumulated surplus by approximately \$24,727,000 (2022: \$24,554,000). The exposure to credit, liquidity and foreign currency risks arises in the normal course of the Fund's operation.

The Fund's credit risk is primarily attributable to amounts at bank. As at 31 March 2023 and 2022, the bank balances are placed with licensed banks in Hong Kong rated P-1 by Moody's or A-1 or above by Standard and Poor's. There are no amounts past due or impaired.

The Fund's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. All financial liabilities are due within one year or payable on demand.

The Fund's policy only allows investments in assets denominated in Hong Kong dollars (HKD), US dollars (USD) and renminbi. All financial assets are denominated in either USD or HKD which are pegged within the Convertibility Zone. For the years ended 31 March 2023 and 2022, the Fund's exchange gain was mainly driven by the revaluation of USD denominated financial assets.

As at 31 March 2023, the Fund had USD denominated financial assets of \$1,409,707,000 (2022: \$1,367,647,000) and the USD/HKD exchange rate was 7.84995 (2022: 7.83140). Holding all other variables constant, a movement in USD/HKD exchange rate to the upper bound of the Convertibility Zone would increase the Fund's surplus and accumulated surplus by approximately \$9,000 (2022: \$3,248,000); while a movement in USD/HKD exchange rate to the lower bound of the Convertibility Zone would decrease the Fund's surplus and accumulated surplus by approximately \$17,949,000 (2022: \$14,215,000).

12. *Contingent liabilities*

In addition to the provision for compensation made as described in note 8, there were 14 outstanding claims as at 31 March 2023 (2022: 12 outstanding claims). The maximum liability in respect of these claims in aggregate was \$2,430,000 (2022: \$1,875,000). This is determined based on the lower of the maximum compensation limit per claimant (as detailed in note 3(h)) or the amount claimed.