

INVESTOR WARNING

Public warning for investors on the risks of investing in complex products

The Cyprus Securities and Exchange Commission (CySEC), following upon [the announcement it issued in March 2014](#), would like to urgently draw the attention of investors to the risks of investing in complex products.

It has come to the attention of the CySEC that retail investors are finding themselves involved in trading in complex financial products via several Cyprus Investment Firms that offer investment services abroad.

This raises serious concerns in that inexperienced retail investors are potentially being tempted to invest in complex financial products which may not be suitable for their individual needs and without being in a position to fully understand and appreciate the inherent risks. As a result, these investors may end up incurring losses they cannot afford.

Investors often do not understand how these complex products work. Furthermore, complex products are often aggressively advertised and marketed using enticing slogans and promises of returns far in excess of deposit account returns that are currently available elsewhere.

Marketing techniques used may turn out to be misleading, or to mean something different to what the investors may have understood.

The CySEC would like to once again emphasize to investors the following:

- (a) If they do not understand the key features of the product being offered, or the key risks involved, they should not invest. Fees and commissions are usually built into the structure of the products and are therefore not readily apparent.
- (b) They should not accept to be pressurized into investing and should actively resist any acts of aggressive marketing directed towards them.
- (c) Investors are reminded to always check if the company with which they are in contact or intend to cooperate with is authorized to provide investment services in their country. The public can do this by visiting the website of the national supervisory Authority.

If the company is not authorized or regulated, it is more likely that it does not comply with investor protection rules and investors that cooperate with the said company may not have access to complaint procedures or compensation schemes.

(d) Also, especially taking into consideration the fact that investment may take place through online platforms without face-to-face contact, investors are urged to be cautious on whether the investment products they intend to invest in are suitable for them.

A [CySEC Circular \(No. C073\)](#) has been issued that draws the attention of Investment Firms on the need to have in place adequate procedures, policies and arrangements to ensure, among others, that are in compliance, at all times, with the requirements of the relevant legislations.

Further Information

To check whether a company is authorized to provide investment services in Cyprus, you can do it by visiting CySEC's website at the following link <http://www.cysec.gov.cy/en-GB/entities/investment-firms/cypriot/> (for the CySEC authorised – CIFs) or at <http://www.cysec.gov.cy/en-GB/entities/investment-firms/member-states/> (for companies from EU member-states and offer cross-border services in Cyprus) or at www.cysec.gov.cy/licence_members_21_en.aspx (for companies from other EU member-states that offer their services through a branch). The list of all national supervisory Authorities and their websites are available on ESMA's website at the following link <http://www.esma.europa.eu/bos>

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