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PRESS RELEASE

CySEC fines Spot Capital Markets Ltd for compliance failings

NICOSIA – The Cyprus Securities and Exchange Commission (“CySEC”) has today imposed a financial penalty on Spot Capital Markets Ltd. (the “Company”), an investment firm that provides online retail trading products in forex.

A fine of €50,000 has been imposed on the Company for multiple compliance failings that occurred in the period between 1 January 2016 and 30 June 2016 that breached the policies and procedures CySEC enforces for investment funds and their third party service providers in order to guarantee full investor protection, including:

- €30,000 for non-compliance with Article 36 (1) (a) of the Law and paragraph 6 (2) of Directive 2, for failing to communicate with customers and potential customers in an accurate, clear and non-misleading manner as required under the law. The Company failed to ensure that its third party service providers entrusted with the promotion of the Company's services met the required standards as set out in Article 36 (1) (a) of the Law;
- €20,000 for non-compliance with Article 36 (1) (a) regarding the Company's offering of financial advice, which was found by the Internal Auditor to be against customers' best interests. The Company, its account managers and third party telephone service operators were found to not be acting fairly, honestly and professionally to best serve the Company's customers' interests.

CySEC treats the propagation of inappropriate and misleading financial advice very seriously. Investment advice offered by unauthorized individuals, or misleading investment advice that is not given with the customers' best interests as principal is treated as a most severe breach of the rigorous laws enforced by CySEC concerning customer protection.

With regards to Spot Capital Markets, this included giving false reassurances of promised or guaranteed profits, and inciting customers to deposit more money within the Company in order to cover potential losses. Finally, the Company and the service providers it contacts - and is responsible for - offered false guarantees of the safety of customers' money.

When deciding the amount of administrative sanctions levied on the Company, CySEC took into account the seriousness of the CIF's obligation to act fairly, honestly and professionally to best serve the interests of their clients.

In mitigating the financial penalty imposed, CySEC accounted for the Company's corrective actions implemented under CySEC's jurisdiction. This included measures taken by the Company to change the information sent to customers, and significantly improving compliance regarding interactions with customers by providing training to staff of both the Company and of third party service providers. CySEC also took into account that this failing was the Company's first breach of the law, and that the Company has made changes in the composition of its Board of Directors.

Demetra Kalogerou, Chair of the CySEC, said: *"The Company and its third party service providers did not meet the rigorous standards prescribed by the laws we have in place to protect investors. Investment advice and information provided by CIFs allows customers to make informed decisions. CySEC legislation is clear that this advice and information, as provided by CIFs or third party service providers under the authority of CIFs, must be in customers' best interest. Since CySEC's investigation into the suspected failings of the Company, and subsequent administrative fine, Spot Capital FX has taken substantive measures to rectify the language of their financial advice, improving their overall compliance."*

ENDS.