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**TO** : Regulated Entities:

- i. Cyprus Investment Firms (CIFs)
- ii. Alternative Investment Fund Managers (AIFMs)<sup>1</sup>

**FROM** : Cyprus Securities and Exchange Commission

**DATE** : April 27, 2022

**CIRCULAR No.** : C504

**SUBJECT** : ESMA Guidelines on certain aspects of the MiFID II appropriateness and execution-only requirements (ESMA35-43-3006)

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1. The Cyprus Securities and Exchange Commission (the 'CySEC') wishes to inform the regulated entities that the European Securities and Markets Authority (ESMA) has published the Guidelines on certain aspects of the MiFID II appropriateness and execution-only requirements (the '[Guidelines](#)') on April 14, 2022, translated in all official languages of the EU.
2. These Guidelines apply to national competent authorities (NCAs), CIFs and AIFMs.
3. The Guidelines apply in relation to section 26(3) and (4) of the Investment Services and Activities and Regulated Markets Law of 2017 (the "Law") and Articles 55 to 57 of the Delegated Regulation (EU) 2017/565 (the "Regulation"). The Guidelines also apply in relation to the organisational requirements of section 17(2), (5) to (7) the Law and Article 21, 72 and 76 of the Regulation, as well as Articles 25(1), (4) and (5) and 26(1), (5) and (6) of the Law, insofar as they relate to the appropriateness assessment.
4. The purpose of these Guidelines is to clarify the application of certain aspects of the MiFID II appropriateness and execution-only requirements in order to ensure the common, uniform, and consistent application of the MiFID II appropriateness and execution-only requirements.
5. These Guidelines aim to promote greater convergence in the application of, and supervisory approaches to, the MiFID II appropriateness and execution-only requirements, by emphasising a number of important issues, and thereby enhancing the value of existing standards.

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<sup>1</sup> AIFMs when providing services pursuant to section 6(6)(b)(iii) of the AIFM Law 56(I)/20013, as in force.

6. Furthermore, by helping to ensure that Regulated Entities comply with regulatory standards, ESMA anticipates a corresponding strengthening of investor protection.
7. The Guidelines apply from six months of the date of publication of the guidelines on ESMA's website in all EU official languages, i.e. 13 October 2022.
8. CySEC adopts these Guidelines by incorporating them into its supervisory practices and regulatory approach.
9. Regulated Entities must take the necessary action in order to ensure their compliance with the Guidelines.

Yours sincerely,

Dr. George Theocharides  
Chairman, Cyprus Securities and Exchange Commission