

ANNOUNCEMENT

Reminder to Credit Institutions and Insurance Undertakings about Applicable Regulatory Requirements

The Cyprus Securities and Exchange Commission ('CySEC') would like to draw the attention of the supervised entities, the stakeholders and the investing public to the joint reminder of the three European Supervisory Authorities, the [EBA](#), [ESMA](#) and [EIOPA](#), titled [Placement of financial instruments with depositors, retail investors and policy holders \('Self placement'\)](#)

As part of their respective mandates to protect investors, depositors and policy holders, the three European Supervisory Authorities, the EBA, ESMA and EIOPA are concerned about the practices used by some financial institutions to comply with enhanced prudential requirements under the CRD/R IV, the pending BRRD, and Solvency 2, as well as the ongoing EBA stress test and the ECB's comprehensive assessment.

These practices include financial institutions selling to their own client base financial instruments that they themselves have issued and that are eligible to comply with the above requirements. This practice may breach a number of rules governing the conduct of these institutions.

However, the 'loss bearing' features of many of these products mean that consumers are exposed to significant risks that do not exist for other financial instruments.

For example, investors are more likely to be subject to bail-in; and the absence of harmonised structures, trigger points and loss absorption makes it difficult for investors to understand and compare the products. Each product needs to be assessed as a unique offering, which may be particularly challenging for retail investors.

The full text of the announcement can be accessed at the respective websites of the European Supervisory Authorities. On the website of ESMA the announcement is accessible at:

<http://www.esma.europa.eu/content/Placement-financial-instruments-depositors-retail-investors-and-policy-holders-Self-placemen>

Nicosia, 23 September 2014

Notes for editors

The European Securities and Markets Authority (ESMA) is an independent EU Authority that contributes to safeguarding the stability of the European Union's financial system by ensuring the integrity, transparency, efficiency and orderly functioning of securities markets, as well as enhancing investor protection. In particular, ESMA fosters supervisory convergence both amongst securities regulators, and across financial sectors by working closely with the other European Supervisory Authorities competent in the field of banking (European Banking Authority - EBA), and insurance and occupational pensions (European Insurance and Occupational Pensions Authority - EIOPA). More information at www.esma.europa.eu