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**TO** : **Regulated Entities:**

- i. **Cyprus Investment Firms**
- ii. **UCITS management companies and external Alternative Investment Fund Managers (AIFMs) (when providing the investment services of individual portfolio management or non-core services (within the meaning of Article 6(3)(a) and (b) of the UCITS Directive and Article 6(4)(a) and (b) of the AIFMD))**

**FROM** : **Cyprus Securities and Exchange Commission**

**DATE** : **30 March 2018**

**CIRCULAR NO.** : **C261**

**SUBJECT** : **ESMA Guidelines on MiFID II product governance requirements**

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The Cyprus Securities and Exchange Commission (“CySEC”) wishes to inform the Regulated Entities that the [ESMA Guidelines](#) on MiFID II product governance requirements have been adopted by CySEC and therefore they should make every effort to comply with these Guidelines.

#### **Scope:**

These guidelines apply to:

- i. the Regulated Entities subject to any of the following requirements:
  - 1. Article 9(3) of Directive 2014/65/EU1 (MiFID II)
  - 2. Article 16(3) of MiFID II
  - 3. Article 24(1) and 24(2) of MiFID II
  - 4. Articles 9 and 10 of the Commission Delegated Directive (EU) 2017/5932 (MiFID II Delegated Directive).
- ii. National Competent Authorities with supervisory oversight of the Regulated Entities.

#### **Purpose:**

The purpose of these guidelines is to provide more clarity on the product governance obligations for Regulated Entities. ESMA expects these guidelines to promote greater convergence in the implementation and application of the MiFID II requirements on product governance. In complying with these guidelines, ESMA anticipates a corresponding strengthening of investor protection. Annex V of these guidelines includes a number of illustrative examples. These examples do not form part of the guidelines but instead aim to assist firms and competent authorities in understanding how the guidelines apply.

**Application:**

These guidelines apply from **3 January 2018**.

Yours sincerely,

Demetra Kalogerou  
Chairwoman of the Cyprus Securities and Exchange Commission