

TO : **Cyprus Investment Firms**

FROM : **Cyprus Securities and Exchange Commission**

DATE : **18 July 2019**

CIRCULAR No : **C330**

SUBJECT : **Extension of deadline to issue Cyprus National Product Intervention Measures on CFDs**

Following the launch of the [Consultation Paper](#) on Imposing National Product Intervention Measures (“**NPIMs**”) to Restrict the Marketing, Distribution and Sale of Contracts for Difference (“**CFDs**”) on 30 May 2019 (the “**Consultation**”), and further to the closure of the Consultation on 14 June 2019, the Cyprus Securities and Exchange Commission (“**CySEC**”) today announces that a decision on the content of the Cyprus National Product Intervention Measures (“**CyNPIMs**”) is expected to be reached by the end of July.

CySEC will then inform ESMA and other National Competent Authorities (“**NCAs**”) on the content of the CyNPIMs on the basis of Article 42(3) of Regulation (EU) No 600/2014 (“**MiFIR**”) in order for ESMA to conduct its examination and issue an Opinion on the proportionality of the intended NPIMs, under Article 43 of MiFIR.

In the intervening period, the [ESMA Decision to temporarily restrict contracts for differences in the European Union](#)¹ and the renewals thereof (the “**ESMA Decision on CFDs**”) will expire on 1 August 2019.

However, all Cyprus Investment Firms (“**CIFs**”) must continue applying the content of the measures under the ESMA Decision on CFDs irrespective of its deadline lapsing, until such time when CyNPIMs are introduced – a process which is likely to take up to two months following the publication date of this Circular. Specifically:

- i CIFs should comply with the content of NPIMs adopted by other EU NCAs when marketing, distributing or selling CFDs in the territory of the respective Member State;
- ii Where a CIF markets, distributes or sells CFDs in the Republic of Cyprus or in the territory of a Member State that has not adopted NPIMs yet, or in a Third Country, it must abide by the content of the ESMA measures as if the measures were in force.

¹ EUROPEAN SECURITIES AND MARKETS AUTHORITY DECISION (EU) 2018/796 of 22 May 2018 to temporarily restrict contracts for differences in the Union in accordance with Article 40 of Regulation (EU) No 600/2014 of the European Parliament and of the Council

It is highly unlikely for a CIF to be considered to be acting in an honest and professional manner when providing investment services and therefore to fulfill its obligations under Article 25(1) of the Investment Services and Activities and Regulated Markets Law of 2017 (**the “Law”**), where it does not comply with the above.

For the avoidance of doubt, the [Policy Statement](#) on the Imposition of NPIMs in relation to Binary Options was introduced on 10 July 2019 and remains unchanged.

CySEC will not hesitate to use the supervisory and enforcement powers at its disposal to uphold compliance with the above.

Sincerely,

Demetra Kalogerou
Chairwoman of the Cyprus Securities and Exchange Commission