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**TO** : **Cyprus Investment Firms**

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

**DATE** : **5 March 2026**

**CIRCULAR NO.** : **C758**

**SUBJECT** : **ESMA launches a Common Supervisory Action with NCAs on MiFID II conflicts of interest requirements**

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1. The Cyprus Securities and Exchange Commission (“the CySEC”) wishes, with this circular, to inform the Cyprus Investment Firms (“CIFs”) that the European Securities and Markets Authority (“ESMA”) has launched a Common Supervisory Action for 2026 (“[CSA 2026](#)”) with national competent authorities (“NCAs”) on the conflicts of interest in the distribution of financial instruments.
2. The goal of the CSA 2026 will be to assess how firms comply with their obligations under MiFID II to identify, prevent, and manage conflicts of interest when offering investment products to retail clients and will focus on:
  - The possible impact of staff remuneration and inducements on what products are offered to investors.
  - The role of digital platforms in directing investors towards certain products, and whether this serves their best interests.
  - The ways firms manage potential conflicts between their own profits and the needs of retail investors.
3. In the context of the CSA 2026, CySEC is planning to conduct on-site visits and/or desk-based reviews on a sample of CIFs that fall within the scope of the said CSA, that provide investment services to retail clients. This action will allow CySEC to assess how the CIFs comply with the MiFID II conflicts of interest requirements and it will help ensure the consistent application of EU rules and enhance investor protection in line with ESMA’s objectives.
4. For the purposes of the CSA 2026, CySEC will consider the following regulatory framework:
  - a. Articles 10(1)(c)(iii), 17(2), 17(3), 24 and 25 of the Law 87(I)/2017.
  - b. Articles 22, 23, 24, 27, 33, 34 and 35 of the Commission Delegated Regulation (EU) 2017/565.

- c. Articles 11(3) and 13 of the CySEC Directive DI87-01.
- d. ESMA Guidelines on certain aspects of the MiFID II remuneration requirements.

Therefore, CySEC expects CIFs to adhere to the content of this Circular as it will form part of CySEC's supervisory review for the purposes of the CSA 2026.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Theocharides', is written over a light blue horizontal line.

Dr. George Theocharides

Chairman Cyprus Securities and Exchange Commission