
TO : Cyprus Investments Firms

FROM : Cyprus Securities and Exchange Commission

DATE : 12 April 2017

CIRCULAR No : C202

SUBJECT : France's national legislation regarding the prohibition of electronic advertising to retail investors when offering speculative, complex and risky products in the territory of France

The Cyprus Securities and Exchange Commission (the 'CySEC') hereby draws the attention of the Cyprus Investment Firms (the 'CIFs'), which provide investment services relating to financial contracts for difference (CFDs) and other complex and speculative products such as Binary Options and Foreign Exchange Contracts to retail clients, through branch or cross border, in the territory of France, to the new Article L.533-12-7 of the French Law 2016-1691 of 9th December 2016 on Transparency, Anti-Corruption and Economic Modernisation (the '2016-1691 Law') and Article 314-31-1 of the Autorité des Marchés Financiers (AMF) General Regulation (the 'AMFGR').

More specifically, Article L. 533-12-7 provides the following:

"Investment firms shall not address, directly or indirectly, by electronic means, marketing communications to any persons who may qualify as retail client, including potential retail clients, in respect of the provision of investment services on financial derivatives that pertain to any of the three categories of derivative as define in the AMFGR, that are not admitted to trading on a regulated market or multilateral trading facility and that meets one of the following characteristics:

- 1) The maximum risk is unknown at the time the contract is entered into;*
- 2) The risk of loss is greater than the amount initially invested;*
- 3) The risk of loss compared to the potential advantages is not reasonably understood with regard to the particular nature of derivative."*

CIFs may visit the AMF website to read [more information on the aforementioned](#).

The CySEC herewith advises CIFs to consult with their legal consultants regarding the necessary legal actions required to ensure compliance with AMF's legislation.

Yours sincerely,

Demetra Kalogerou
Chairman of the Cyprus Securities and Exchange Commission