

TO : Cyprus Investment Firms

FROM : Cyprus Securities and Exchange Commission

DATE : 24 March 2021

CIRCULAR No : C435

SUBJECT : Requirements of the Czech National Bank (the 'CNB') regarding the provision of investment services and/or the performance of investment activities in the territory of Czech Republic

The Cyprus Securities and Exchange Commission (the 'CySEC') hereby draws the attention of the Cyprus Investment Firms (the 'CIFs'), which intend to provide investment and/or ancillary services and/or perform investment activities in the territory of Czech Republic, to CNB's regulatory rules regarding the persons that are allowed to provide such services. More specifically:

1. On 24 March 2020, the Czech Parliament adopted the Act No. 119/2020 Coll., which amended Act No. 256/2004 Coll., (hereinafter the "**amended Act**"), being the Czech national law transposing MiFID II. Under **Section 25** of the amended Act, Investment firms established in other EEA Member States providing cross-border services to retail clients and professional clients on request under MiFID II passport are allowed to provide services under the freedom to provide services (i.e. without establishing a branch), with respect to Article 57 TFEU, only on a temporary or occasional basis.
2. Pursuant to Section 25 of the Amended Act, if non-Czech investment firms are presumed to provide investment services to retail and professional-on-request clients on a permanent basis, such firms will be under a strict obligation to establish a branch in the Czech Republic, and may only provide investment services under Article 35 of MiFID II (establishment of branch).
3. CIFs may visit CNB's website <https://www.cnb.cz/en/supervision-financial-market/legislation/investment-firms-and-investment-intermediaries/laws->

[and-regulations/#](#) to read more information on the aforementioned provisions.

CySEC herewith advises CIFs to consult with their legal consultants regarding the necessary actions/measures required to ensure compliance with CNB's new regulatory requirements prior to submitting notifications pursuant to article 35 (freedom to provide investment services/activities) of the Law 87(I)/2017 and reiterates the duty of CIFs to fully comply with the provisions laid down in this Circular.

Yours sincerely,

Demetra Kalogerou
Chairman of the Cyprus Securities and Exchange Commission