

02 August 2018

CYSEC Board Decision

Announcement date:	02.08.2018	Board decision date:	11.06.2018
Regarding:	Instant Trading EU Ltd		
Legislation:	The Investment Services and Activities and Regulated Markets Law, Directive DI144-2007-02 of 2012		
Subject:	Total Fine €130.000		
Judicial Review:	Click here	Judicial Review Ruling:	Click here

The Board of the Cyprus Securities and Exchange Commission ('CySEC') would like to inform the public that, at the meeting held on June 11, 2018, it has decided to impose a total administrative fine of **€130.000** to CIF **Instant Trading EU Ltd** ('the Company') for non compliance with the following:

1. the Investment Services and Activities and Regulated Markets Law of 2007, L.144(I)/2007 ('the Law'), and
2. CySEC Directive DI144-2007-02 of 2012 for the Professional Competence of Investment Firms and the Natural Persons Employed by them ('Directive').

In detail, the CySEC imposed an administrative fine:

- A. of **€90.000** for non-compliance with article 36(1) of the Law, as it did not act fairly, honestly and professionally in accordance with the best interests of its clients.
- B. of **€40.000** for non-compliance with article 36(1)(d) of the Law and paragraphs 15 and 16 of the Directive, as it failed to ask clients to provide the necessary information regarding their knowledge and experience, to assess whether the investment service or product is appropriate is appropriate for them.

In reaching its decision, the CySEC has taken into consideration the following:

- (i) The importance attributed by the legislator to violations of this kind, which is reflected by the maximum administrative sanction provided for violations of article 36(1) of the Law, in article 42(3) of the Law, i.e. €350.000.
- (ii) The importance attributed to the need to ensure that the persons subject to the supervision of CySEC comply fully with the provisions of the Law and the relevant Directives.
- (iii) The importance attributed to the obligation of the CIFs for acting fairly, honestly and professionally in accordance with the best interests of its clients.

While in particular, the CySEC has taken into consideration the following factors -

- 1.** For the Company's non-compliance with article **36(1)** of the Law,
 - (i)** The importance attributed to protecting the interests of CIFs' clients.
 - (ii)** The fact that the Company's non-compliance relates to the use of leverage, to the granting of bonuses/trading benefits to clients and to the clients' negative balance protection, for which guidance was provided in CySEC Circulars C168 and C192, to ensure compliance with article 36(1) of the Law.
 - (iii)** As moderating factors, the fact that:
 - as stated in its representations, the Company has taken corrective actions in relation to the use/offer of leverage, the improvement of its mechanisms for the protection of customers from negative balance as well as the termination of the granting of bonuses/trading benefits to its clients,
 - the Company did not commit a similar violation in the past.

- 2.** For the Company's non-compliance with article **36(1)(d)** of the Law and paragraphs 15 and 16 of the Directive,
 - (i)** The importance attributed to the protection of the interests of CIFs' clients and more specifically the need to collect information on the clients' experience and knowledge, which enables the CIF to better assess whether an investment service is appropriate for a client.
 - (ii)** As moderating factors, the fact that:
 - as stated in its representations, the Company has taken corrective actions and more specifically it has updated the procedure for the assessment of clients' appropriateness as well as the relevant questionnaire,
 - the Company did not commit a similar violation in the past.