

7 August 2024

CYSEC Board Decision

Announcement date:	07.08.2024	Board decision date:	04.03.2024
Regarding:	Exelcius Prime Ltd		
Legislation:	The Investment Services and Activities and Regulated Markets Law		
Subject:	Total fine €740.000		
Judicial Review:	Click here	Judicial Review Ruling:	Click here

The Board of the Cyprus Securities and Exchange Commission ('CySEC') wishes to inform the public that, at its meeting on the 4th March 2024, decided to impose a total administrative fine of **€740.000** to **CIF Exelcius Prime Ltd** (LEI 549300VYDYXGB1JR5113) ('the Company') for violations of the Investment Services and Activities and Regulated Markets Law of 2017, as in force ('the Law').

Particularly, CySEC imposed to the Company:

1. A fine of **€45.000** for violation of section 5(1) of the Law, as the Company provided the service of provision of investment advice as a regular occupation, without this being mentioned in the authorisation granted by CySEC.
2. A fine of **€60.000** for violation of section 22(1) of the Law, as the Company did not comply at all times with the conditions set out in section 9 of the Law for granting an authorisation, and particularly:
 - i. Section 9(3) of the Law, as not all members of the board of directors committed sufficient time to perform their functions in the Company.
 - ii. Section 9(8) of the Law, as the overall composition of the board of directors did not reflect an adequate collective range of experiences.
 - iii. Section 9(16) of the Law, as the business of the Company was not directed by at least two persons, meeting the requirements of the Law.
3. A fine of **€240.000** for violation of section 22(1) of the Law, as the Company did not comply continuously with the conditions set out in section 17 of the Law for granting an authorisation, regarding the organisational requirements, and particularly:
 - i. Section 17(2) of the Law, as the Company did not establish adequate policies and procedures sufficient to ensure its compliance with its obligations under the Law.
 - ii. Section 17(3)(d) of the Law, as the Company did not review the financial instruments it offered to clients to assess whether the financial instrument

remained consistent with the needs of the identified target-market and whether the intended distribution strategy remained appropriate.

- iii. Section 17(5)(a) of the Law, as the Company did not effectively monitor the function of clients' service and did not manage the risks associated with outsourcing.
 - iv. Sections 17(6) and 17(7)(a) of the Law, as the Company did not provide a number of records to CySEC.
4. A fine of **€120.000** for violation of section 24(1) of the Law, as the Company did not take all appropriate steps to identify and to prevent or manage conflicts of interest between its employees and its clients.
 5. A fine of **€110.000** for violation of section 25(1) of the Law, as the Company did not act honestly, fairly and professionally when providing investment services to clients, in accordance with the best interests of its clients, taking into account the practices of the persons that communicated with the clients.
 6. A fine of **€25.000** for violation of section 25(2)(b) of the Law, as the Company did not take into account the identified target-market of end clients and collect information in regards to the assessment of the compatibility of the product with the needs of its clients to whom it provided investment services, to ensure that its financial instruments were only offered or recommended when they were in the best interests of each client.
 7. A fine of **€100.000** for violation of section 25(3)(a) of the Law, as the Company did not ensure that all information addressed to clients or potential clients was fair, clear and not misleading, taking into account the practices of the persons that communicated with the clients.
 8. A fine of **€20.000** for violation of section 26(3)(b) of the Law, as the Company did not assess, on the basis of the information received pursuant to section 26(3)(a) of the Law, whether the investment service or product envisaged was appropriate for the client.
 9. A fine of **€20.000** for violation of section 36(2)(a) of the Law, as the Company established a branch in the Czech Republic before providing all the required information to CySEC.

Full justification of the CySEC's decision is available in the Greek text of the announcement.

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