

PRESS RELEASE

CySEC announces additional supervisory actions focusing on regulatory compliance and investor protection

- *“CIFs with non-compliant behaviour have no place in Cyprus”, says CySEC Chair*
- *CySEC’s supervisory objectives for 2022—2023 were presented in an online workshop*

NICOSIA, 21 July 2022 - The Cyprus Securities and Exchange Commission has warned Cyprus Investments Firms (CIFs) trading in contracts for difference (CFDs) that they must take immediate action to improve their practices, or they shall face enforcement action.

CySEC said is introducing additional controls for cross-border services, and that investor protection will be strengthened under new rules regarding how complaints are handled. Where repeated weaknesses and/or a failure to implement remedial measures is detected, CYSEC will impose “significantly higher” fines or proceed with suspending or revoking the respective CIF licence.

The warning came as the Chairman of Cyprus Securities and Exchange Commission (CySEC), Dr. George Theocharides presented CySEC’s supervisory objectives for 2022—2023 at an online workshop for Cyprus investment firm executives, outlining the overarching emphasis on regulatory compliance and investor protection.

Dr. Theocharides said: “To achieve CySEC’s mission to exercise effective supervision, ensure investors’ protection and the healthy development of the capital market, CySEC is adopting changes to its supervisory processes when it comes to monitoring cross-border activities. This will ensure that poor practices and possible violations of the law are adequately identified, assessed, addressed, and prioritized when needed.”

Under new rules, CySEC will compel firms that receive 20 or more complaints to appoint an internal auditor to undertake an investigation and submit a report. Additional controls are also being introduced to examine the organisational structures of new applicants. Specific emphasis will be placed on whether they can adequately carry out and monitor cross-border

activities. CySEC is also focusing attention on applicants' advertising campaigns, warning that it will not tolerate aggressive marketing behaviour or the provision of misleading information to investors, or any other abusive practices. "Those who seek to violate the law have no place in Cyprus. CySEC aims for a stronger, safer, more responsible market both in Cyprus and across Europe," said Dr. Theocharides.

Key acquisitions by CySEC include a specialised system that analyses and monitors CIF online marketing materials and social media activities. The system can detect all related mentions from any source internationally and carry out real-time monitoring with an instant alert trigger for any related keyword combination.

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