

PRESS RELEASE

Supervisory priorities for 2024, targets CIFs providing services on a cross border basis

Chair urges regulated entities to review policies, procedures and internal controls arrangements to ensure compliance with regulatory requirements

NICOSIA, 27 March 2024 – The Cyprus Securities and Exchange Commission (CySEC), the national regulator of the Republic of Cyprus, has set out its supervisory priorities for 2024, indicating increased scrutiny of Cypriot Investment Firms' (CIFs) cross-border activities when distributing complex financial products. A full list of CySEC supervisory priorities for CIFs and asset managers, together with advice to regulated entities on the steps they should take to ensure compliance, can be found at ([GetFile.aspx \(cysec.gov.cy\)](#)).

Enhanced supervision of high and medium high-risk firms, particularly focusing on cross-border activities, is aimed at preventing any investor risks arising from the distribution of complex financial products like CFDs. CySEC has also renewed its commitment to promoting a compliance-oriented culture among management bodies and key function holders and to proactively address adverse events to minimise their impact.

CIFs should expect additional scrutiny of their professional conduct rules, particularly around information addressed to potential clients, including marketing communications, clients' onboarding processes and national intervention measures related to the provision, distribution and sale of CFDs. Firms should take steps to re-assess how they provide services in fractional shares, inform investors about costs and charges, communicate through affiliates and influencers, implement sustainability requirements and apply pre-trade controls, all of which may have negative impacts on investors and markets.

Supervisory priorities for asset managers include ensuring adherence to sustainability risks and relevant disclosures requirements, enhancing the quality and oversight of data pertaining to

transactions and derivative contracts as reported in accordance with the AIFMD, and thorough data collection and analysis regarding investment funds' exposure in Commercial Real Estate.

Launching CySEC's 2024 priorities, Dr George Theocharides, Chair of CySEC added: "Regulated entities that do not have adequate governance structure and effective control functions around compliance, internal audit and risk management will not survive in the current regulatory environment. There can be no last chances when investors are being put at risk." He warned regulated entities they should "review policies, procedures and internal controls to ensure compliance with regulatory requirements."

The supervisory priorities rest on a comprehensive assessment of the shifting market landscape, regulatory developments within the EU as well as the ESMA's priorities in the fields of investment services and asset management.

In preparation for the implementation of Markets in Crypto-Assets Regulation (MiCA) and Digital Operational Resilience Act (DORA), CySEC is in the process of adopting new tools and strategies to enhance its supervisory approach as well as build capacity to ensure investor protection and market integrity.

The introduction of new financial technologies and the increasing use of social media means CySEC will be examining how regulated entities use marketing communications and implement measures to address risks in the field of ICT. "Firms should consider investing in technology solutions and tools that complement their efforts to ensure business resilience and regulatory compliance," stated Dr Theocharides.

END

Press Office Contacts

For media information and interviews, please contact Eleni Nicolaou at enicolaou@cysec.gov.cy or Monica Elia at monica.elia@cysec.gov.cy