

Requirements of the Spanish Securities and Exchange Commission ('the CNMV') regarding the provision of investment services and/or the performance of investment activities in the territory of Spain

Circular: C424

Scope: Cyprus Investment Firms

The Cyprus Securities and Exchange Commission (the "CySEC") issued a circular on the 21st of January 2021 to draw the attention of Cyprus Investment Firms (the "CIFs") to the CNMV's public statement addressing certain bad practices in cross-border marketing of investment services by Investment Firms located in other EU countries (the "IFs").

In particular, the public statement refers to certain inappropriate, common practices followed by some IFs and contains a series of guidelines for due compliance with applicable rules and regulations. The aforementioned practices include, but are not limited to, the use of;

- aggressive marketing,
- unauthorised third parties to carry on the IF's marketing activities (e.g., affiliates, call centres, etc.), and/or client acquisition,
- websites in Spanish to market the activities of third country firms within the EU and
- references to third-country entities within a group for marketing purposes

The public statement includes specific requirements for financial intermediaries operating in Spain, particularly those specialising in the marketing of CFDs or other complex products, in order to guarantee appropriate retail investor protection.

CySEC expects all CIFs that provide investment services in Spain to take appropriate actions and measures to adhere to the content of the CNMV's public statement and to the relevant requirements included therein. CySEC also highlighted that the content of the CNMV's public statement will form part of CySEC's supervisory assessments.

CySEC Circular 424 can be found [here](#)

The CNMV's public statement can be found [here](#)

-----*-----

In case you have any queries or need assistance in implementing any of the above provisions contact us on info@mnkriskconsulting.com