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PRESS RELEASE

CySEC fines ICFD Ltd for compliance failings

NICOSIA – The Cyprus Securities and Exchange Commission (“CySEC”) has today imposed a financial penalty on ICFD Ltd (the “Company”), an investment firm that provides online retail trading products in forex.

A fine of €138,000 has been imposed on the Company for multiple compliance failings. These failings that occurred in 2016 breached the policies and procedures CySEC enforces on Cyprus Investment Firms (“CIFs”) in order to guarantee full investor protection. The identified failings included a non-compliance with:

- Section 6(8) of the Investment Services and Activities and Regulated Markets Law of 2007, as amended (‘the Law’),
- Section 28(1) of the Law, as it failed to comply, at all times, with the authorization and operating conditions laid down in sections 18(2)(a) and 18(2)(d) of the Law, as specified in paragraphs 14 and 16 of Directive DI 144-2007-01 of 2012 of the Securities and Exchange Commission for the Authorisation and Operating Conditions of CIFs (“Directive 1”),
- Sections 36(1), 36(1)(a), 36(1)(b) and 36(1)(d) of the Law and paragraphs 4, 6, and 16 of Directive DI 144-2007-02 of 2012 of the Securities and Exchange Commission for the Professional Competence of Investment Firms and the Natural Persons Employed by them (“Directive 2”).

In non-compliance with these regulatory obligations, the Company’s specific failings concerned:

- The Company provided investment services it was not licensed to offer by CySEC, including the investment advice itself;
- The Company did not take reasonable steps to avoid operational risk deteriorating when running its business and/or when outsourcing activities to third party service providers;
- The Company did not act fairly, honestly and professionally to serve the best interests of its clients at all times;
- In providing information addressed to clients and potential clients from employees of its call centres, the disclosure on the Company's website, and the contents of the Company's advertising was not clear, accurate and not misleading. These materials

consistently failed to alert clients and potential clients to the risks of and warnings in investing;

- In providing information addressed to clients and potential clients, the Company failed to ensure it sufficiently communicated the nature and risks of the investment service(s) offered;
- The Company was therefore unable to assess whether the proposed investment service or financial instrument provided to them by the Company was suitable for these clients;
- The Company did not source or collect the necessary information from its clients and potential clients regarding their relevant knowledge and experience to trade in the particular financial products it was offering; Further, the Company encouraged clients and potential clients to not provide the information required for the purposes of Article 36(1)(d) of the Law, in demonstrable violation of the explicit legislation;

In addition to the financial sanctions imposed on the Company, CySEC has also enforced a number of corrective, in respect to the above deficiencies, to ensure full compliance with the Investment Services and Activities and Regulated Markets Act of 2017 (Law 87(I)/2017), which entered into force on 3 January 2018 and harmonises the Cyprus legal framework with Directive 2014/65/EU on Markets in Financial Instruments (MiFID II).

Demetra Kalogerou, Chair of CySEC, said: *“Following CySEC’s investigation, the Company was found to be in violation of the laws we have in place and enforce to protect retail investors trading in speculative financial products, such as forex. The Company in question showed, among others, deficiencies in properly disclosing the risks to existing and prospective investors, and in some cases, even served to promote and actively market certain products at the expense of providing clear and non-misleading information. Having enforced a number of corrective measures in addition to those financial penalties imposed on the Company, CySEC will continue to keep the Company under close supervision and it will remain subject to follow-up inspections.”*

ENDS.