

January 27, 2016

CYSEC Board Decision

Announcement date:	27.01.2016	Board decision date:	12.10.2015
Regarding:	Rodeler Ltd		
Legislation:	The Investment Services and Activities and Regulated Markets Laws, The Prevention and Suppression of Money Laundering and Terrorist Financing Law, Directive DI 144-2007-01 of 2012, Directive DI 144-2007-02 of 2012, Directive DI 144-2007-08 of 2012		
Subject:	Fine €156.000		
Judicial Review:	Click here	Judicial Review Ruling:	Click here

The Board of the Cyprus Securities and Exchange Commission (the 'CySEC') wishes to inform investors that, at its meeting held on October 12, 2015, decided to impose a total administrative fine of **€156.000** on the **CIF Rodeler Ltd** (the 'Company') for non-compliance with the following:

1. the Investment Services and Activities and Regulated Markets Law of 2007, as amended from time to time ('L.144(I)/2007'),
2. the Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2007, as amended from time to time ('L.188(I)/2007'),
3. the Directive DI 144-2007-01 of 2012 of the Securities and Exchange Commission for the Authorisation and Operating Conditions of CIFs ('Directive 1'),
4. the 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'),
5. the Directive DI 144-2007-08 of 2012 of the Securities and Exchange Commission for the Prevention of Money Laundering and Terrorist Financing ('Directive 8').

The administrative fine imposed on the Company is broken down as follows:

- A. €10.000** for non-compliance with Section 28(1) of L.144(I)/2007 as it failed to comply at all times with the authorization and operating conditions, as laid down in Section 18(2)(a) of L.144(I)/2007 and paragraphs 4(1)(f), 13 and 14 of Directive 1, since, it failed to establish adequate policies and procedures sufficient to ensure its compliance with its obligations pursuant to L.144(I)/2007 and Directive 1, namely:
- The Company did not keep adequate and organised records for assessing the suitability of its clients.
 - The Company did not keep adequate and organised records in relation to its advertising material.
 - The Company did not establish and did not implement effective procedures for the reasonable and prompt handling of complaints and did not keep adequate records of the complaints and the measures taken for the complaints' resolution.
 - The Company did not include in its internal operation manual, 'operation manual', the specific policies and procedures applied in relation to the suitability assessment

and the information provided or given to clients or potential clients.

- B. **€20.000** for non-compliance with Section 28(1) of L.144(I)/2007 as it failed to comply at all times with the authorization and operating conditions, as laid down in Section 18(2)(d) of the L.144(I)/2007 and paragraph 16, subparagraphs 3(c),(e),(i) and (6) of Directive 1, since it did not take reasonable measures to avoid any unjustified aggravation of the operational risk in the outsourcing of activities or business operations to third parties.
- C. **€30.000** for non-compliance with Section 36(1) of L.144(I)/2007 as it failed to act fairly, honestly and professionally in accordance with the best interests of its clients in granting a trading bonus/trading benefits and in relation to the practices applied in this context.
- D. **€30.000** for non-compliance with Section 36(1)(a) of L.144(I)/2007 and paragraph 6 of Directive 2, as the information contained in its website, in landing pages and in banners, as well as the information in the advertising announcements that have been reviewed, were not fair, clear and non-misleading, as defined in Section 36(1)(a) of L.144(I)/2007 and the Company failed to ensure that these comply with the terms of paragraph 6(2) of Directive 2.
- E. **€15.000** for non-compliance with Section 36(1)(b) of L.144(I)/2007 as the information provided to potential clients was not appropriate so that they are reasonably able to understand the nature and risks of the investment service and of the specific type of financial instrument that are being offered in accordance with article 36(1)(b) of L.144(I)/2007 and paragraphs 8-12 of Directive 2.
- F. **€40.000** for non-compliance with Section 36(1)(d) of L.144(I)/2007 and paragraphs 15 and 16 of Directive 2 as it failed to ask clients to provide the necessary information regarding their knowledge and experience in the investment field relevant to the specific type of financial instrument offered, in order to be able to assess whether the investment service or financial instrument envisaged is appropriate for the client, and in cases that it considered that the proposed investment service or financial product was not appropriate, did not warn the client accordingly.
- G. **€10.000** for non-compliance with Section 58(a) of L.188(I)/2007, as it does not apply adequate and appropriate systems and procedures in relation to customer identification and customer due diligence, in accordance with the provisions of Section 62 of L.188(I)/2007.
- H. **€1.000** for non-compliance with paragraph 5(d) of Directive 8, as its Board of Directors did not ensure the implementation of all the requirements of L.188(I)/2007 and of Directive 8 and there were no indications that it made sure that appropriate, efficient and sufficient systems and controls for achieving compliance were introduced.

In reaching its decision, the CySEC has taken into consideration the following:

- the amount of the administrative sanctions provided in the relevant legislation,
- the importance attributed to the need to ensure that the persons subject to the supervision of the CySEC comply fully with the provisions of the Law and the relevant Directives,
- the adoption of corrective measures/actions on behalf of the Company, such as *inter alia* the following:
 - it has installed a new customer system, which, amongst other things, records the results of the evaluation of suitability,
 - it has established and implemented effective and transparent procedures regarding the examination of complaints and it keeps an electronic record of complaints,
 - it has upgraded its operation manual in order to include more detailed and clear procedures as these are followed in practice,
 - it has assigned to a particular employee, who has been properly trained, to review all of its advertising material,
 - it has taken corrective measures to minimize the risk of the loss or diminution of client assets,
 - it has implemented a symmetrical bonus structure and it has amended the terms and conditions for granting bonuses in order to be in line with Circular CI065,
 - it has taken corrective measures updating the content of its websites, making efforts to include the necessary risk warnings on the banners that have been posted on the internet, whilst, its advertising material is subject to review by the employee responsible for advertising matters,
 - it intends to take measures in order to provide correct/adequate information to clients for its call centers,
 - it has taken corrective measures for assessing the suitability of its clients and specifically, it has fully upgraded its procedures for opening client accounts in order to comply with CySEC's recommendations.