
TO : **Cyprus Investment Firms**

FROM : **Cyprus Securities and Exchange Commission**

DATE : **September 2, 2015**

CIRCULAR NO. : **C085**

SUBJECT : **Notification of website address – Domain name – Redirecting and informing clients**

The Cyprus Securities and Exchange Commission (“CySEC”) wishes to inform the Cyprus Investment Firms (the “CIF”) about the following:

A. Notification of website address

1. CIFs are required pursuant to Articles 8 (disclosure of details) and 34 (changes in CIF information and details) of the Investment Services and Activities and Regulated Markets Law of 2007, as in force (“the Law”) to notify all the addresses of their domains to CySEC.
2. It has been observed that certain CIFs have not notified all the addresses of their websites, through which they provide investment services, to CySEC.
3. For purposes of compliance with the above articles, all CIFs are requested to declare to CySEC at the electronic address supervision@cysec.gov.cy, all the addresses of their websites, no later than **September 25, 2015**. The CySEC intends to register these addresses in the Public Register of Article 7 of the Law, in which all licensed CIFs are registered, and to post them on its own website, as well.

It is provided that CIFs will also update their electronic records kept in CySEC within the abovementioned deadline, as it is required by Directive DI144-2007-12 of 2012 and Circular CI144-2012-22 on CIFs electronic records.

4. Throughout the duration of their operation, CIFs must ensure that they operate only through the websites addresses notified to the CySEC and posted on its website.
5. If a CIF provides investment services through a domain whose address is not registered in the Public Register of Article 7 of the Law and not posted in the CySEC’s website, it will violates the provisions of the Law, including Articles 8 and 34 of the Law since the end result is the provision of investment services through a website that is not notified to CySEC and registered in the Public Register of Article 7 of the Law.

B. Domain name different from the name under which the CIF was granted authorisation

1. There are cases where the domain name of a CIF differs from the name under which it obtained authorisation by CySEC (e.g. a CIF has obtained authorisation as 'XY Ltd' whereas its domain name is 'abc.com').

Where this is the case, it seems that there is not explicit reference at the website of the CIF that the domain name is operated by it, or if there is such reference, it is not always visible. As a result the visitors of the website do not always know, or have wrong impression, as to the name of the person who operates through that domain name.

2. Pursuant to Article 36(1) of the Law, the CIF must, when providing investment and ancillary services to customers, act fairly, honestly and professionally and all information addressed by a CIF to its clients or potential clients shall be fair, clear and not misleading.

This Article is further specified in paragraph 6 of Directive OD144-2007-02 of 2012 ('the Directive').

3. Within the framework of the above provisions, the visitors of a website must be informed on the name of the person that operate the website and provide investment services.
4. CIFs are required to establish and implement measures so that the visitors of their website are informed of their name so as there should be no misrepresentation on that, when establishing a business relationship.

Such measures may be:

- i. The posting of a prominent statement (in a prominent place with marked letters) on the home page of their website that this website is under the operation of the CIF.
- ii. Informing visitors of the CIF's name through a pop-up message.

C. Use of same domain name by other persons

1. There are cases where CIFs have the same domain name (e.g. abc.com) with persons belonging to the same group¹ with them, or with third parties.

As a result, clients or potential clients of the CIFs do not know, or have the wrong impression, as to the name of the person with which they establish, or intend to establish, a business relationship, and as to whether this person is licensed / supervised by a competent authority.

2. Within the framework of compliance with Article 36(1) of the Law, there must be no ambiguities as to the name of the CIF with which clients or potential clients deal, or intend to deal. The CIF remains fully and unconditionally responsible for any misrepresentation thereupon.

¹ 'Group' is defined in article 2 of the Law.

3. Within the framework of compliance with Article 36 of the Law, CIFs must operate a domain name that is **unique** and not used by another person. Furthermore, the domain name must direct potential clients to a website, belonging exclusively to the CIF.
4. Where a CIF is not the owner of the domain name but concludes an agreement with the owner for its use, it must be ensured, under the Agreement, that it has its exclusive use. If this is not possible, then the CIF should not proceed to this agreement.
5. By way of derogation from point 3 above, CIFs, belonging to a group, may use the same domain name (e.g. abc.com) with other persons of the group provided that:
 - i. The potential client, when selecting/entering into the domain name, is directed to a page (e.g. abc.com/eu or abc.com/cy), or to a sub-domain (e.g. eu.abc.com or cy.abc.com), or to another domain (e.g. def.com), which it is operated exclusively by the CIF.
 - ii. All the requirements of Part B above are applied to that specific page, sub-domain or other domain.

D. Redirecting clients to a website of another person

A CIF **cannot** redirect potential clients to a website of another person for the provision of investment services unless:

- i. The other person belongs to the same group with the CIF and it is licensed/supervised by a competent authority of a member state or third country in the provision of investment services.
- ii. The CIF has not a license to provide investment services within the territories of the country of residence of the potential client.
- iii. The potential clients are clearly informed and consent (e.g. client on the link) to this redirection.

For example, the potential client, through a pop-up message:

- is informed that he/she is redirected outside the website of the CIF, under his/her own responsibility,
- is informed of the name of the person to which he/she is redirected, as well as of the name of its supervisory authority,
- is requested to read the terms and conditions of that person.

E. Information concerning terms and condition and other

1. In accordance with paragraph 8 of the Directive, the CIF must provide, in good time, to existing or potential retail clients the terms and conditions of the investment or ancillary services agreement, as well the information stated in articles 9-12 of the Directive.

2. Where a CIF provides information to a client by means of a website, it must ensure that the conditions of paragraph 4(2)² of the Directive are satisfied.

Special emphasis is given to the provisions of paragraph 4(2)(b) and (c) of the Directive where the client must specifically consent to the provision of that information in that form and is notified electronically on the address of the website and the place of the website where the information may be accessed.

3. Where a potential client may open a trading account through a landing page, the CIF must ensure that the terms and conditions and information of point E.1 above are also included in this page, or, at least, there is a link to the place of the website where the information may be assessed.
4. The content of the CIF's website in relation to the legal obligations of the CIF is not differentiated based on the IP address of the visitor of the website.
5. The client agreement always includes the name of the CIF.
6. The CIF shall maintain adequate and orderly records with clients' agreements and other data/documents evidencing its compliance with the above requirements.

It is provided that CIF's records are available and accessible by CySEC at all times.

7. CySEC requests CIFs to fully comply with the above within **two months from the date of this Circular**. CIFs are requested to confirm to CySEC, within the above deadline, their compliance.

Sincerely

Demetra Kalogerou
Chairman Cyprus Securities and Exchange Commission

² Paragraph 4(2) of Directive DI144-2007-02 of 2012 - Where, pursuant to paragraphs 8, 9, 10, 11, 12 or 25(2) of this Directive, the IF provides information to a client by means of a website and that information is not addressed personally to the client, the IF shall ensure that the following conditions are satisfied:

- (a) the provision of that information in that medium is appropriate to the context in which the business between the firm and the client is, or is to be, carried on;
- (b) the client shall specifically consent to the provision of that information in that form;
- (c) the client must be notified electronically of the address of the website, and the place on the website where the information may be accessed;
- (d) the information must be up to date;
- (e) the information must be accessible continuously by means of that website for such period of time as the client may reasonably need to inspect it.