



ANNOUNCEMENT

The Cyprus Securities and Exchange Commission (the 'Commission') announces that, following a review at European level of how binary options are classified and regulated in other EU member-states and having requested and received the opinion of the European Commission, has decided to include binary options in the list of financial instruments that fall within the remit of the Investment Services and Activities and Regulated Markets Law of 2007-2009 (the 'Law').

Based on the *acquis communautaire*, the Commission has concluded that binary options are "financial instruments" within the meaning of paragraphs 4 or 5 or 6 or 7 of Part III, Appendix 3 of the Law.

Therefore, persons who provide investment services, in accordance to Part I, Appendix 3 of the Law, in relation to binary options, have the obligation to apply to the Commission for a Cyprus Investment Firm (CIF) license.

Each firm which submits an application to the Commission for a CIF license will have to decide, according to the characteristics of the financial instrument, whether the said instrument is to be categorized according to paragraph 4 or 5 or 6 or 7 of Part III, Appendix 3 of the Law.

The CIFs that are already licensed by the Commission for the provision of investment services relating to the financial instruments of paragraph 4 or 5 or 6 or 7 of Part III, Appendix 3 of the Law, may continue to provide the said services, but have to notify the Commission promptly and in writing as to whether they provide, or intend to provide, services relating to binary options.

The licensed CIFs that currently provide services relating to binary options as "other business" (under section 6(9) of the LAW) or which intend to provide such services from now on, should apply promptly for an amendment of their CIF license.

The Commission would like to inform all the interested parties that, persons other than the above mentioned CIFs, who currently engage in providing investment services in relation to binary options, are obliged:

1. In the next fifteen days following the date of this announcement, to notify the Commission in writing of their intention to submit, or not, an application to obtain a CIF license in accordance to the Law
and

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2. No later than six months following the date of this announcement, to submit an application to the Commission for the granting of a CIF license.

Persons who do not notify the Commission, in writing, of their intention to submit an application for a CIF license (as provided in point 1 above) are obliged to stop offering investment services relating to binary options, at the soonest possible and at the latest within 30 days from the date of this announcement.

Persons who do not comply with the above actions and deadlines will be in breach of section 4 of the Law.

Persons, who may wish to provide investment services relating to binary options from now onwards, may do so ONLY after they have received the necessary CIF license by the Commission.

The Commission would like to draw the attention of investors to the fact that individuals who engage in investment services relating to binary options, other than the above mentioned CIFs, ARE NOT considered to be supervised by the Commission, until they have obtained the necessary authorisation CIF license. Investors are encouraged to be particularly cautious in choosing the persons with which they transact.

Nicosia, May 4, 2012