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**TO** : Cyprus Investment Firms  
**FROM** : Cyprus Securities and Exchange Commission  
**DATE** : March 13, 2014  
**CIRCULAR No.** : CI144-2014-09  
**FILE No.** : E.K. 6.1.14  
**SUBJECT** : Risks for investing in complex products

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The Cyprus Securities and Exchange Commission ('the Commission') wishes to inform the Cyprus Investment Firms ('the CIFs') about the following:

1. The European Securities Markets Authority ('ESMA') has issued a [warning](#) to investors in relation to risks of investing in complex products.
2. ESMA is concerned to the fact that retail investors have access to complex products, which may not fully understand, with the possibility to lose money that cannot afford to lose.
3. As a consequence of the above and further to the aforementioned warning, ESMA has issued an [opinion](#) to the National Competent Authorities ('NCAs') in order to remind them about the relevant MiFID provisions (EU Directive 2004/39/EC) governing selling practices (conduct of business rules).
4. According to the opinion, NCAs, in carrying out their supervisory duties, should monitor that firms observe the practices described in this opinion when selling complex products on both an advised and non-advised basis.
5. The Commission, in reviewing the compliance of CIFs with their obligations emanated by section 36 of the Investment Services and Activities and Regulated Markets Law, as in force, intends to follow ESMA's opinion.
6. CIFs are encouraged to observe the practices described in this opinion when selling complex products on both an advised and non-advised basis.

Yours sincerely

Demetra Kalogerou  
Chairman  
Cyprus Securities and Exchange Commission