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**TO** : Cyprus Investments Firms

**FROM** : Cyprus Securities and Exchange Commission

**DATE** : 04 October 2017

**CIRCULAR No** : C239

**SUBJECT** : Financial and Capital Market Commission of Latvia (the “FCMC”) - Law on the Financial Instruments Market regarding the natural and legal persons that are allowed to provide/ perform investment services/ activities in the Republic of Latvia

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The Cyprus Securities and Exchange Commission (the “CySEC”) hereby draws the attention of the Cyprus Investment Firms (the “CIFs”), which freely provide investment services and ancillary services or/and perform investment activities in accordance with Article 79 of the Investment Services and Activities and Regulated Markets Law of 2007, as in force (the “Law”), in the territory of Latvia, to FCMC’s regulatory requirements regarding the natural and legal persons that are allowed to provide/ perform investment services/ activities in Latvia.

More specifically, pursuant to the Financial Instruments Market Law of 2011, any investment services and/or activities may only be provided and/or performed in the territory of Latvia, on behalf of a CIF, through the establishment of a branch or by the CIF’s registered tied agents (that incurs civil liability on the CIF by acting on its behalf), which requires the prior notification of the FCMC.

Furthermore, CIFs must ensure that the information<sup>1</sup> provided to their clients or prospective clients, including marketing communications, is fair, clear and not misleading and that marketing communications will be clearly identifiable as such.<sup>2</sup>

The only exception to that rule is in respect to third parties, employed by the CIF, that act only as a media platform or disseminator of indirect promotion (e.g. newspaper, TV channel, magazine, website or advertising agency through which the CIF's own advertising or promotional/marketing

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<sup>1</sup> Any marketing materials must be subject to the CIF’s approval prior to their publication and/or dissemination and are further monitored and reviewed on an ongoing basis. The CIF should also regularly verify that the tied agent does not use the CIF’s website information in order to encourage visitors of its website and/or prospective clients of the CIF to entrust the tied agent with funds for management, or does not in any way offer investment advisory services to prospective clients on behalf of the CIF.

<sup>2</sup> As per the FCMC’s supervisory and regulatory approach, direct promotion/ marketing includes person-to-person selling, direct telephone calling, general advice or introduction provided to clients or prospective clients of the CIF in relation to the CIF’s investment and/or ancillary services and/or activities. Therefore it is required for such third party performing direct promotion/marketing activities to be registered or notified with the Commission for the purpose of offering the services on behalf of the CIF to the public of the Republic of Latvia.

materials are distributed to the public). Such third parties are not considered to be tied agents or promoters of investment services and/or activities within the meaning of the Financial Instruments Market Law and therefore there is no need to notify their engagement with the CIF to the FCMC.

CIFs may visit FCMC's [website](#) to read more information on the aforementioned.

CySEC herewith advises CIFs to consult with their legal consultants regarding the necessary legal actions required to ensure compliance with FCMC's regulatory marketing and promotional requirements when investment services and/or activities are performed in the territory of Latvia.

Yours sincerely,

Demetra Kalogerou  
Chairman of the Cyprus Securities and Exchange Commission