

## WARNING TO RETAIL INVESTORS

### Increased risks in periods of extremely low bank interest rates

The Cyprus Securities and Exchange Commission (CySEC) would like to warn the investors and the public about the various risks that may arise during this period due to the extremely low interest rates in banks.

In periods of historically low or even negative interest rates in the banking sector, investors should be extremely cautious, as various individuals may reach out to them in order to offer products and services using fake representations and promising high returns. Through different ways and tricks, individuals and/or real or bogus or other non-regulated entities, will likely try to attract the interest of retail investors, in order to entice it into dangerous or/and illegal investing schemes, such as Ponzi schemes.

Hence, CySEC invites the public to be extremely diligent and always check whether the company that they are in contact with is regulated by CySEC and licensed to provide investment services in the Republic. If the company is unregulated, it is possibly not in compliance with the investor protection rules and, thus, the public may not be able to access formal complaints procedures or compensation schemes.

The public can check whether a company is regulated to provide investment services in Cyprus by visiting CySEC's website, at <https://www.cysec.gov.cy/en-GB/entities/investment-firms/cypriot/> (for CySEC-regulated entities) or at <https://www.cysec.gov.cy/en-GB/entities/investment-firms/member-states/> (for firms from other EU Member States that provide investment services cross-border or through a branch). It is important for the public to ensure that the firm's contact information matches the information listed on CySEC's website, in order to ensure that they are actually dealing with the real, regulated entity.

Furthermore, in periods of extremely low or even negative interest rates in the banking sector, various entities respond to the public's demand for higher returns by offering complex investment products. Investors often do not fully understand the way these products work and the risks they entail, and as a result they may endure sizable losses.

Moreover, complex investment products are often marketed in an aggressive way, and they are advertised with attractive slogans and promises for higher returns compared to the deposit accounts, which are usually offered by banks. The marketing techniques used are frequently misleading and illegal.

For the above reasons, CySEC would like to draw the public's attention to the following:

1. Investors are urged to be cautious against promises of "high", "guaranteed", "with risk hedging" or "absolute" returns. Such promises often prove to be misleading.
2. Investors should always keep in mind the risk-return relationship, according to which the investments that provide higher returns usually involve higher or additional risks.
3. The public should keep in mind that sometimes the name of a product may not be a reflection of its features.

The CySEC Warning to investors published on [13 October 2017](#) is also relevant here, as it relates to the risks connected to the sale, ownership, exchange or trade of virtual currencies. CySEC's Warning to investors dated [19 June 2015](#) about the risks of investment in complex products is also relevant.

The public is urged to obtain investment advice from professional investment advisors in licensed investment firms, before deciding to invest.

Finally, CySEC would like to inform the investing public, that there have been cases of persons who fraudulently presented themselves as CySEC's officers or representatives, soliciting investors for fees, in order to supposedly recover the damage that the investor may have suffered in the framework of their cooperation with CySEC-regulated entities. The CySEC Warning to investors dated [12 August 2019](#) is also relevant here.

The public is urged to file a complaint with CySEC or the Police if a case such as the abovementioned, comes to their attention.

**Nicosia, 11 September 2019**