

9 July 2021

CYSEC Decision

Announcement date:	09.07.2021	CySEC Decision date:	09.07.2021
Regarding:	Depaho Ltd		
Legislation:	The Investment Services and Activities and Regulated Markets Law		
Subject:	Suspension of CIF licence		
Judicial Review:	Click here	Judicial Review Ruling:	Click here

The Cyprus Securities and Exchange Commission ('CySEC') announces that the authorisation of the Cyprus Investment Firm **Depaho Ltd** ('the Company'), **number 161/11**, is **suspended in whole**, pursuant to section 10(1) of Directive DI87-05 for The Withdrawal and Suspension of Authorisation ('DI87-05'), as there are suspicions of alleged violations of:

1. Article 5(1) of The Investment Services and Activities and Regulated Markets Law of 2017 ('the Law') as the Company appears to provide the investment service of investment advice, as a regular occupation, without the granting of prior authorisation by the CySEC.
2. Article 22(1) of the Law as the Company does not appear to comply at all times with the conditions for authorisation established in articles 17(2) and (6) of the Law, regarding the organisational requirements.
3. Article 24(1) of the Law as the Company does not appear to take all reasonable steps to identify and to prevent or manage conflicts of interest between itself, including its managers, employees and tied agents, or any person directly or indirectly linked to it by control, and its clients.
4. Article 25(1) of the Law as the Company does not appear to act honestly, fairly and professionally when providing investment services to clients, in accordance with the best interests of its clients.
5. Article 25(2)(b) of the Law as the Company does not appear to understand the financial instruments it offers or recommends, nor to assess the compatibility of the financial instruments with the needs of the clients to whom it provides investment services and does not seem to ensure that financial instruments are offered or recommended only when this is in the interest of the client.
6. Article 25(3)(a) of the Law as the Company does not appear to provide information, including marketing communications, to its clients or potential clients that is fair, clear and not misleading.

7. Article 25(4)(a) of the Law as the Company does not appear to provide appropriate information to clients or potential clients in good time.
8. Article 25(5) of the Law as the Company does not appear to provide the information referred to in article 25(4) of the Law, in a comprehensible form, so that clients are reasonably able to understand the nature and risks of the investment service and of the specific type of financial instrument that is being offered and, consequently, to take investment decisions on an informed basis.
9. Article 26(1) of the Law as the Company does not appear to ensure that natural persons giving information about financial instruments, investments or ancillary services, to clients on behalf of the Company, possess the necessary knowledge and competence to fulfil their obligations under articles 25 and 26 of the Law.
10. Article 26(3)(a) of the Law as the Company, when providing investment services other than those referred to in article 26(2), does not appear to ask the client to provide information regarding that person's knowledge and experience, so as to enable the Company to assess whether the investment service or product envisaged is appropriate for the client.
11. Article 36(10) of the Law as the Company does not appear to have given to the CySEC written notice of the change in the information relevant to its branch in Spain.
12. Article 42 of Regulation (EU) no. 600/2014 as the Company does not appear to comply with paragraphs 4(1)(d) and (5) of Directive DI87-05.

The above decision was reached taking into consideration, among other, that the Company does not appear to have provided adequate information regarding the corrective measures taken and/or has not taken adequate corrective measures for the purposes of the settlement reached with the CySEC ([announcement dated 29 September 2020](#)), as well as the results of the investigation performed by the supervisory authority of Spain Comision Nacional del Mercado de Valores ('CNMV') at the Company's branch in Spain, regarding the Company's operation in that market, as the aforementioned alleged violations cause concern and risk relating to the protection of the Company's clients and/or constitute a threat to the orderly operation and integrity of the market.

Within **two (2) weeks**, the Company must take the necessary actions in order to comply with the aforementioned provisions.

For as long as the suspension of the authorisation is in force, as provided for in section 9 of DI87-05,:

1. The Company is not permitted to:
 - 1.1 Provide/carry out investment services/activities.
 - 1.2 Enter into any business transaction with any person and accept any new client.
 - 1.3 Advertise itself as a provider of investment services.

2. The Company, provided this is consistent with the wishes of its existing clients, may proceed with the below actions, without such actions being considered as breach of section 7(a) of DI87-05:
 - 2.1. Complete all its own transactions and those of its clients which are before it, in accordance with client instructions.
 - 2.2. Return all funds and financial instruments which are attributable to its clients.

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