
TO : Cyprus Investment Firms

FROM : Cyprus Securities and Exchange Commission

DATE : 16 March 2021

CIRCULAR No : C433

SUBJECT : Requirements of the Portuguese Securities and Exchange Commission (the 'CMVM') regarding the appointment of tied agents in the territory of Portugal

The Cyprus Securities and Exchange Commission (the 'CySEC') hereby draws the attention of the Cyprus Investment Firms (the 'CIFs'), which intend to appoint Tied Agents to offer their services in the territory of Portugal, to CMVM's regulatory rules regarding the persons that are allowed to provide such services. More specifically:

1. Article 29 of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 ("MiFID II"), contains detailed provisions regarding the appointment of tied agents by investment firms, namely establishing that tied agents can promote "the services of the investment firm, soliciting business or receiving orders from clients or potential clients and transmitting them, placing financial instruments and providing advice in respect of such financial instruments and services offered by that investment firm". Tied agents act under a mandate given by a single investment firm (authorised to provide the investment services for which it is appointing the tied agent). The activity exercised by the tied agent is under the full and unconditional responsibility of the investment firm.
2. Considering the MiFID II regime, under the Portuguese legal framework, the advertising and prospecting aimed at agreeing financial intermediation contracts or collecting information on current or potential clients may only be carried out by financial intermediaries or tied agents. According to the Portuguese law, as stated under article 289(2) of the Portuguese Securities Code, only financial intermediaries, operating according to professional standards, may perform financial intermediation activities.
3. **Also, according to article 292 of the said Code, advertising and prospecting aimed at agreeing financial intermediation contracts or collecting**

information on current or potential clients may only be carried out by: a) A financial intermediary authorised to carry out the activities in question; or b) A tied agent, pursuant to articles 294-A to 294-D of the Portuguese Securities Code. Under article 293(1)(a), of the Portuguese Securities Code, financial intermediaries consist, namely, of credit institutions and investment firms authorised to provide investment services in Portugal. Additionally, according to article 294-A(3) of the Portuguese Securities Code, a tied agent is prohibited (i) of acting on behalf and for the account of more than one financial intermediary except when there is an existing control or group relationship between them and (ii) delegating the powers conferred by the financial intermediary to other persons.

CySEC herewith advises CIFs to consult with their legal consultants regarding the necessary actions/measures required to ensure compliance with CMVM's regulatory requirements.

Yours sincerely,

Demetra Kalogerou
Chairman of the Cyprus Securities and Exchange Commission