

Cyprus

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Reporting regulatory infringements

On December 15 2016 the Cyprus Securities and Exchange Commission (CySEC) issued for consultation a draft law dealing with the submission of complaints about regulatory infringements and the protection of persons raising such complaints, together with a draft explanatory circular regarding the implementation of the proposed law.



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The draft law has been issued to meet

Cyprus's obligations as an EU member state to establish a framework for resolving complaints under EU legislation, particularly:

- article 32 of regulation 596/2014 on market abuse;
- executive directive (EE) 2015/2392, which was adopted under the regulation on market abuse;
- article 73 of directive 2014/65/EU on markets in financial instruments (MIFID II);
- article 99d of directive 2014/91/EU amending directive 2009/65/EC relating to undertakings for collective investment in transferable securities;
- article 28 of regulation (EU) no 1286/2014 on documents;
- basic information on packaged investment products to retail investors and investment products based on insurance (PRIIP); and,
- article 24 of regulation (EU) 2015/2365 on the transparency of securities financing transactions and reuse (SFTR).

The draft law deals with complaints regarding violation or possible violation of the regulatory framework made by any person to CySEC, or made to a business regulated by CySEC by an employee of the business. The draft law provides protection to whistle-blowers against retaliatory action by the person or business complained about. It also provides for the possibility of

anonymous complaints and the protection of the complainant's identity, except for in criminal proceedings.

The draft law does not deal with complaints by customers regarding the services of regulated entities. These should be dealt with in accordance with the procedure published on the CySEC website dealing with investor protection.

Violations of the proposed new law are punishable by an administrative fine of up to €500,000 (\$522,000) and up to €1 million for a repeat offence. The draft law also makes it a criminal offence, punishable by imprisonment for up to five years, a fine of up to €350,000 or both, to knowingly make a false complaint, to prevent a person from making a complaint, or to threaten, intimidate or otherwise interfere with anyone who has made or intends to make a complaint, or their relatives or friends.

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