



## PRESS RELEASE

### **Consob prohibits as a precautionary measure the activities in Italy of**

### **the Cypriot investment firm Hoch Capital Ltd**

### **First intervention of this kind to protect Italian investors**

Consob adopted a [precautionary measure](#) against the Cypriot company Hoch Capital Ltd with the prohibition of exercising activities in Italy.

It is the first time in which Consob exercises this power, provided for by Article 7-*quater*, paragraph 4 of the Consolidated Law on Finance (TUF), in implementation of Article 86 of Mifid2, the European regulation on the provision of investment services.

The prohibition, aimed at ensuring the protection of Italian investors, was necessary after the recurrent violations of Hoch Capital Ltd of the regulations in force, despite the measures adopted by the Cyprus Securities and Exchange Commission (CySec), the national authority for the supervision of financial markets of Cyprus, following the reports sent by Consob to CySec itself.

The present provision forbids in a precautionary way to Hoch Capital Ltd to provide investment services in Italy, to solicit and acquire new customers in our Country as well as to carry on their relations with Italian customers. Therefore the company is asked to close the accounts of Italian customers in accordance with the instructions given by the customers themselves.

The present prohibition is due to the several complaints transmitted to Consob, even recently, by Italian investors, complaining about serious irregularities made by the Cypriot intermediary. The reports of these representatives concern, in particular, activities like Contracts for Difference (Cfd), financial instruments on which Consob - aligned with similar measures adopted by ESMA, the European regulatory and supervisory authority on financial markets - already intervened on 20 June 2019,

introducing restrictions in Italy to the offer of Cfd to retail investors in the context of the so-called *product intervention* discipline.

The complaints refer, among others, to situations such as the total loss of the invested capital, the classification of the investor as a professional client in the absence of prerequisites and the pressures exercised by the personnel of the company to acquire additional deposits.

Hoch Capital Ltd, based in Limassol, is a Cypriot law broker operating in Italy in compliance with the free provision of investment services guaranteed by the "European passport" provided by Mifid2. In compliance with the EU regulations, the authorization issued by the Supervisory Authority of the Country of origin, in this case the CySec, enables the company to operate in all the other EU member countries, being subject to specific notification. On behalf of the principle of home country control, the intermediary is subject to the supervision of the CySec, while the authorities of the host countries, including Consob, do not have supervisory powers.

The prohibition will remain in force until suitable evidence is obtained from CySec to demonstrate the final overcoming by Hoch Capital Ltd of the critical points complained of by Italian customers.

Rome, December 10<sup>th</sup> 2019