



CYPRUS SECURITIES AND EXCHANGE COMMISSION

TO : Investment Firms
FROM : Cyprus Securities and Exchange Commission
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CIRCULAR No : IF(2007-06)
FILE No : E.K. 6.1.14
SUBJECT : Draft Proposed Law that provides for the provision of investment services, the performance of investment activities, the operation of regulated markets and other related matters of 2007 ('the Draft Proposed Law')

The Cyprus Securities and Exchange Commission ('the Commission') wishes to inform the Cypriot Investment Firms (CIFs) that:

1. The preparation of the Draft Proposed Law, which adopts the European Directive 2004/39/EK on markets in financial instruments (MiFID) has been completed by the Commission (http://www.cysec.gov.cy/upcoming_laws_en.aspx). The Draft Proposed Law has already been submitted, through the Ministry of Finance, to the Law Office of the Republic for legal vetting and then will be forwarded to the Members of Parliament to be adopted as national legislation.
2. The Draft Proposed Law, with its adoption ('the New Law'), will replace the existing Investment Firms Law of 2002 (N148(I)/2002), as is now effective.
3. When the New Law is implemented, the CIFs will be considered to possess authorisation under the New Law and therefore will not be required to submit a new application for authorisation to the Commission.
4. The New Law will enter into force on 1st November 2007. Although, the adoption of the Draft Proposed Law is still pending, the Commission, taking into consideration the limited time that exists until 1st November 2007, asks the CIFs to study the Draft Proposed Law and start implementing the required measures so that, by 1st November 2007, to be in full compliance with its provisions.
5. The Commission is presently preparing Directives which will be published after the New Law is adopted and will determine or clarify matters that are stated in the New Law, as follows:

- i. Directive for the conditions of granting authorisation to CIFs, as well as the operating conditions of CIFs.
- ii. Directive for the documents and information to be submitted to the Commission.
- iii. Directive for the Code of Business Conduct of CIFs.
- iv. Directive for the CIFs' Records.
- v. Directive for the charges and annual fees of the Commission.
- vi. Directive for the prevention of money laundering.

The Directives, before they are published, will be sent to the interested parties for comments and suggestions.

6. The Commission intends, within the next months, to organise a seminar on the Draft Proposed Law and the related Directives.

The present circular, is also addressed to the branches of IFs incorporated in Third Countries which are established in the Republic and have been granted authorisation by the Commission to offer investment services.

Sincerely

Georgios Charalambous
Chairman, Cyprus Securities and Exchange Commission

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