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**TO** : **Regulated Entities**  
- **Cyprus Investment Firms**  
- **UCITS management companies<sup>1</sup>**  
- **Alternative Investment Fund Managers<sup>2</sup>**

**FROM** : **Cyprus Securities and Exchange Commission**

**DATE** : **June 6, 2023**

**CIRCULAR No. :** **C578**

**SUBJECT** : **ESMA35-43-3565 - Guidelines on certain aspects of the MiFID II remuneration requirements**

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1. The Cyprus Securities and Exchange Commission (the 'CySEC') wishes to inform the Regulated Entities that the European Securities and Markets Authority (ESMA) published, on April 3, 2023, the Guidelines on certain aspects of the MiFID II remuneration requirements (the '[Guidelines](#)'), translated in all official languages of the EU.
2. The Guidelines apply in relation to the remuneration requirements set out in Article 27 of the MiFID II Delegated Regulation as well as, on the one hand, the conflicts of interest requirements set out in Articles 16(3) and 23 of MiFID II and Article 34 of the MiFID II Delegated Regulation in the area of remuneration; and on the other hand, the conduct of business rules set out in Article 24(1) and (10) of MiFID II. In addition, the Guidelines clarify the application of the governance requirements in the area of remuneration under Article 9(3) of MiFID II.
3. The Guidelines apply as from October 5, 2023. The Guidelines on remuneration policies and practices (MiFID)<sup>3</sup>, issued under MiFID I, will cease to apply on the same date.
4. The Guidelines are based on Article 16(1) of the ESMA Regulation. The purpose of the Guidelines is to ensure the common, uniform and consistent application of the MiFID II remuneration requirements set out in Article 27 of the MiFID II Delegated Regulation as well as, on the one hand, the conflicts of interest requirements set out in Articles 16(3) and 23 of MiFID II and Article 34 of the MiFID II Delegated Regulation in the area of remuneration; and

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<sup>1</sup> As defined in Article 2(1)(b) of UCITS Directive (Directive 2009/65/EC), when providing the investment services of individual portfolio management or non-core services [within the meaning of Article 6(3)(a) and (b)(i) of UCITS Directive].

<sup>2</sup> As defined in Article 5(1)(a) of the AIFMD (Directive 2011/61/EU), when providing the investment services of individual portfolio management or non-core services [within the meaning of Article 6(4)(a) and (b)(i) of the AIFMD].

<sup>3</sup> ESMA/2023/606

on the other hand, the conduct of business rules set out in Article 24(1) and (10) of MiFID II. In addition, the Guidelines clarify the application of the governance requirements in the area of remuneration under Article 9(3) of MIFID II.

5. CySEC has adopted the Guidelines by incorporating them into its supervisory practices and regulatory approach.
6. CySEC urges the Regulated Entities to carefully study the Guidelines and ensure that they fully comply with them.

Yours sincerely,

George Karatzias  
Vice Chairman, Cyprus Securities and Exchange Commission