

# ANNUAL REPORT | 2024



ΕΠΙΤΡΟΠΗ  
ΚΕΦΑΛΑΙΑΓΟΡΑΣ  
ΚΥΠΡΟΥ

CYPRUS SECURITIES AND EXCHANGE COMMISSION

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## CySEC Chairman's Statement Dr George Theocharides



**Cyprus' investment service sector** resumed its steady growth in 2024, despite the external financial and geopolitical challenges. The sector's contribution to the broader financial services sector remains substantial, strengthening the Cypriot economy and its credibility as an investment destination.

The Cyprus Securities and Exchange Commission (CySEC) continued to enhance its role as a supervisory authority by implementing a targeted and preventive supervisory framework, with a view to protecting investors and ensuring market integrity.

As part of its strategic planning, the Commission implements a preventive supervisory framework with the aim of strengthening the compliance of regulated entities and subsequently ensuring investor protection and maintaining market integrity.

This is achieved through the use of modern technological tools and targeted actions, such as monitoring high and medium to high-risk entities, thematic audits, and other actions to ensure full compliance of regulated entities with the legislative framework and European regulations.

The number of regulated entities stood at 834, as there were reshuffles and changes during the year, while some resigned from their licences because they either could no longer meet their ongoing obligations under the legislation governing them, had completed their cycle of operation or did not have an adequate number of customers.

Last June, CySEC successfully launched the Regulatory Sandbox, marking another important step in further promoting responsible innovation in the financial services sector.

In addition, remote checks were carried out on a regular basis, to ensure compliance with the limits set out in the prudential supervision framework, the adoption of the European Banking Authority guidelines and the strengthening of monitoring, among other things, the remuneration policies, internal risks and business models of Cyprus Investment Firms (CIFs).

In 2024, 510 Annual Reports of Compliance Officers and Internal Auditors were examined, submitted to the CSE relating to money laundering and terrorist financing prevention, as well as the relevant practices of the Board of Directors, submitted by CIFs, Administrative Service Providers (ASPs) and Collective Investment Fund Managers (CIFMs) and Crypto Asset Services Providers (CASP).

In regard to Collective Investment Undertakings, the audit of 89 regulated entities was completed, among others, while the requirements for reporting derivative transactions/ contracts by 33 UCI Management Companies-UCIs,

as well as the collection and evaluation of data for monitoring and addressing risks in the commercial real estate sector.

In 2024, the Market Surveillance & Investigations Department conducted 17 entries and completed 44 investigations on regulated entities, while 52 investigations were underway by the end of 2024.

As a result of supervisory controls, administrative sanctions amounting to approximately €2.76m were imposed in 2024, of which €2.12m were imposed on CIFs. Over the last three years, administrative penalties amounting to €7.82m have been imposed, of which €6.3m were imposed on CIFs for violations of the legislation in force.

In addition, 321 regulated entities were asked to take corrective measures in accordance with existing legislation. CySEC also instructed more than 70 regulated entities to take specific measures within a specified time frame to ensure their full compliance with the provision of the Law and the Directive on the prevention of money laundering and terrorist financing.

Furthermore, operating licences were revoked or suspended in seven cases involving CIFs, while two other cases concerned the revocation of operating licences for Registered Alternative Investment Funds (RAIFs).

In 2024, great importance was given to the adoption and implementation of the Markets in Crypto Assets Regulation (MiCA), which concerns crypto asset service providers.

We also adopted the Digital Operational Resilience Act (DORA), which came into full effect in January this year.

In regard to technological upgrades, we will continue to enhance CySEC's digital resilience and cybersecurity and adopt new innovative security systems, leveraging advanced technologies through the use of artificial intelligence.

Taking into account the adoption of new European Directives and Regulations, we are moving forward with the procedures for acquiring new specialised systems or improving existing ones, both during the licensing process and the ongoing supervision of regulated entities, with the aim of ensuring their full compliance.

Protecting investors and further developing a healthy market are at the core of our mission, seeking to enhance stability and confidence in the investment services sector.

# 2024 at a glance

## Sector Development

- 80 new licences were approved, reaching **834 regulated entities** by the end of the year.
- **13 applications** were withdrawn.
- Assets under management amounted to **€9.1b**
- **A roundtable discussion** was held to revive investor interest in the CSE.

## Technological Upgrades

- The **first RPA automations** were implemented in the International Relations Department
- Adaptation to the requirements of the **MiCA and DORA regulations** was implemented
- **Artificial intelligence tools** were developed for evaluation and supervision purposes.
- The implementation of the new **IT infrastructure** was completed.

## Enhanced Supervision

- More than **850 inspections** were carried out on regulated entities.
- A total of **510 AML reports** and internal audit matters were examined.
- Administrative fines totalling **€2.76m** were handed out, of which **€2.12m** concerned CIFs.
- **Seven CIF/ RAIF applications** were revoked or withdrawn
- **Nine cases** were referred to the Attorney General

## Investor Training

- Participation in global campaigns such as **Global Money Week** and **World Investor Week**.
- The “**Financial Lessons for Lessons**” campaign was implemented in collaboration with the University of Cyprus.
- **Nine lectures** were held in schools and **one at a university**.
- Awareness campaigns for “**finfluencers**”, fake websites and cybersecurity issues.
- Creation of **financial literacy** guides for parents and children.

### Regulatory Sandbox – Operation in 2024

- In June 2024, the **Regulatory Sandbox** was launched for responsible innovation in financial services.
- Provides a safe testing environment for **new innovative products** under supervision.
- Boosts cooperation with **fintech companies and start-ups**, based on clear regulatory frameworks.

### Promotion & Participation

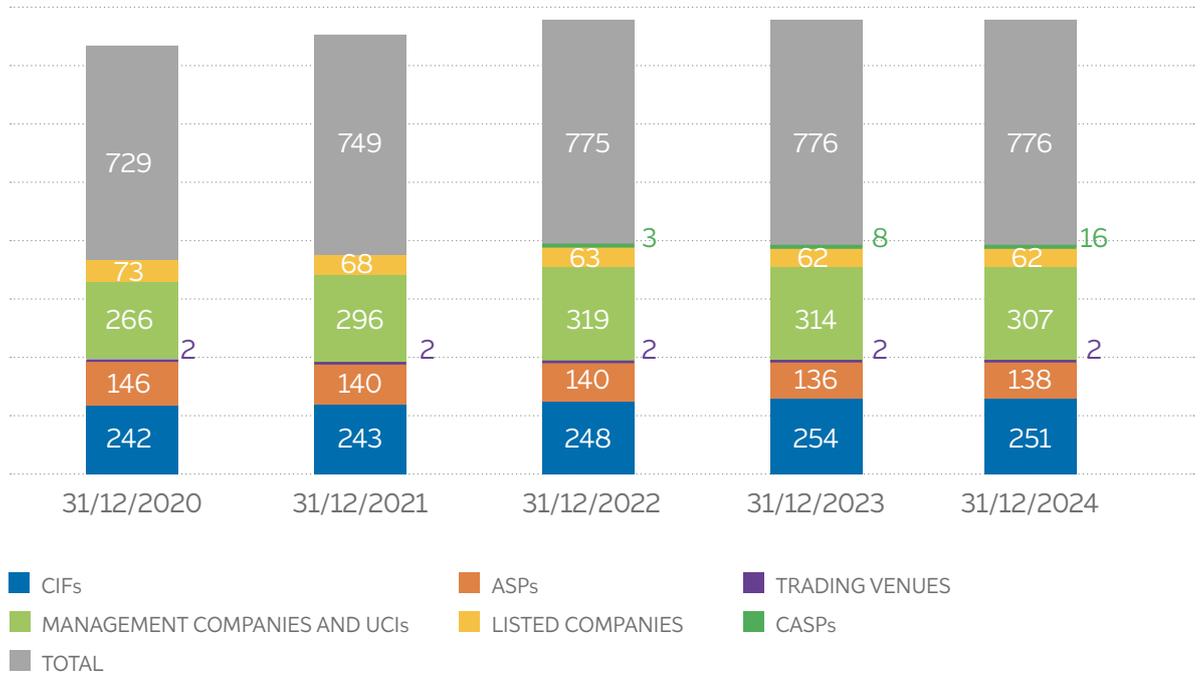
- The Cyprus Securities and Exchange Commission held a **roundtable discussion** on upcoming legislative developments and challenges.
- The Chairman and Vice-Chairman participated in **events** regarding technology, sustainable investments and ESG.
- **The role of CSE** was strengthened through a roundtable discussion.

### Participation in European Institutions (ESMA – IOSCO)

- The **active and strategic presence** of the CySEC in European and international forums was ensured.
- The ERC (IOSCO) meeting was hosted in Nicosia with more than **52 representatives** in attendance.
- Cyprus contributed to the formulation of **ESMA supervisory policies**.
- **Collaboration with ESMA** on a joint investor awareness campaign via social media.

# The regulated entities in numbers

## THE REGULATED ENTITIES IN NUMBERS

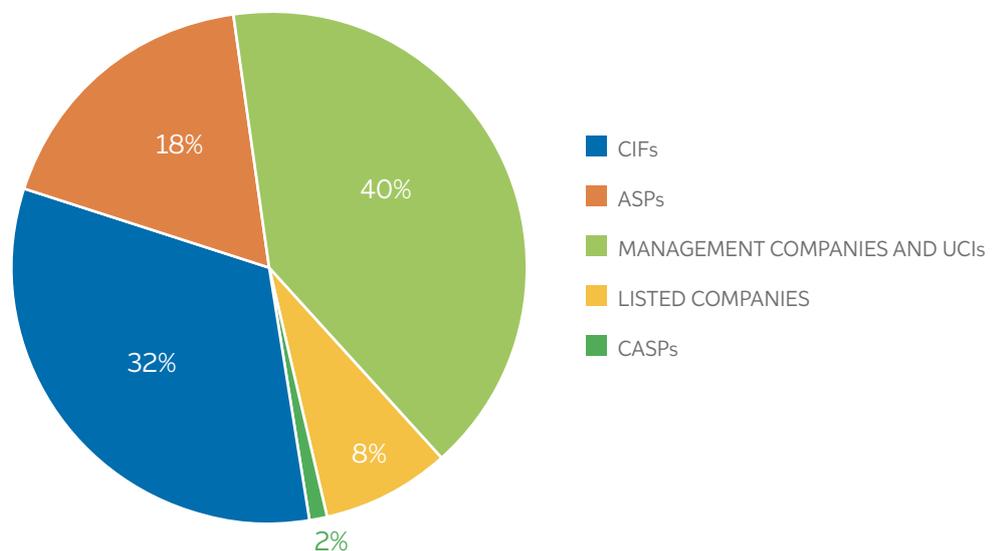


The number of Management Companies and UCIs also includes RAIFs.

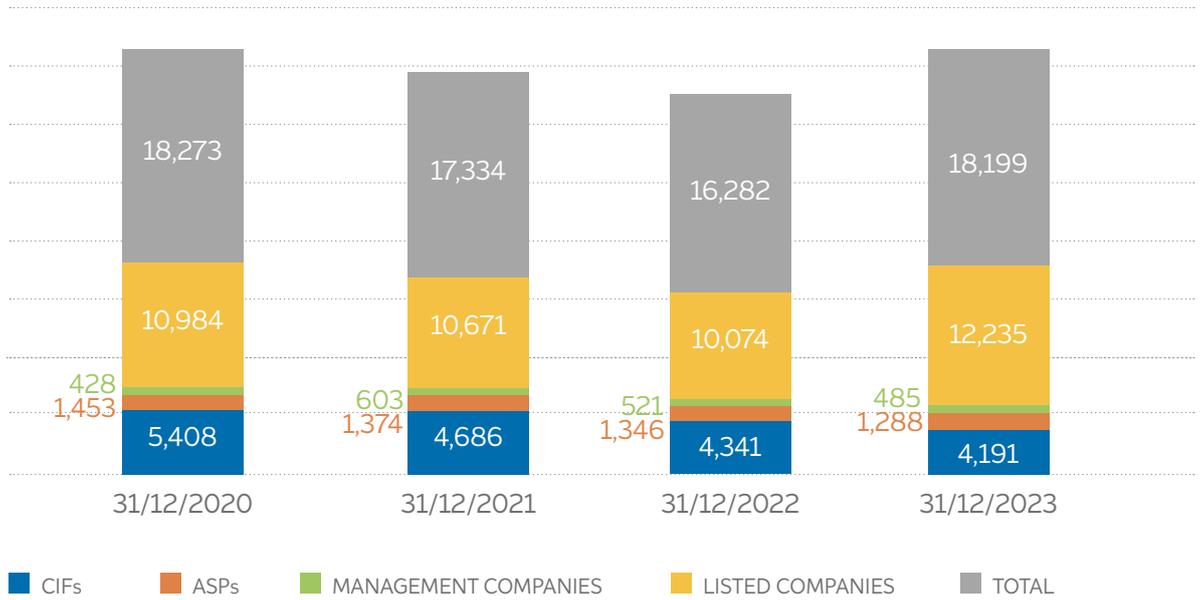
The number of Listed Companies **does not** include the companies listed on the CSE's Multilateral Trading Facility (MTF).

The number of CASPs **does not** include CASPs that have a CIF license.

## REGULATED ENTITIES AS A PERCENTAGE IN 2024

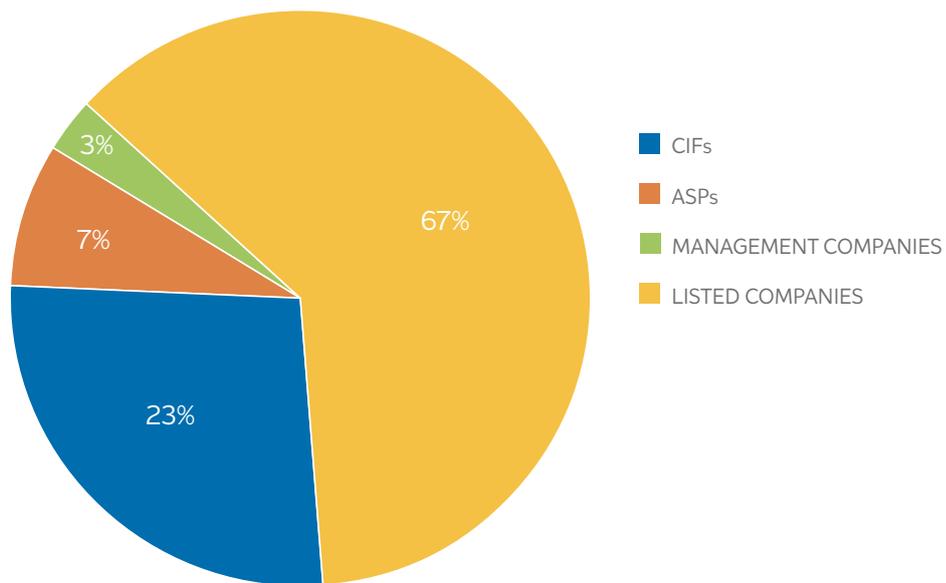


## NUMBER OF EMPLOYEES

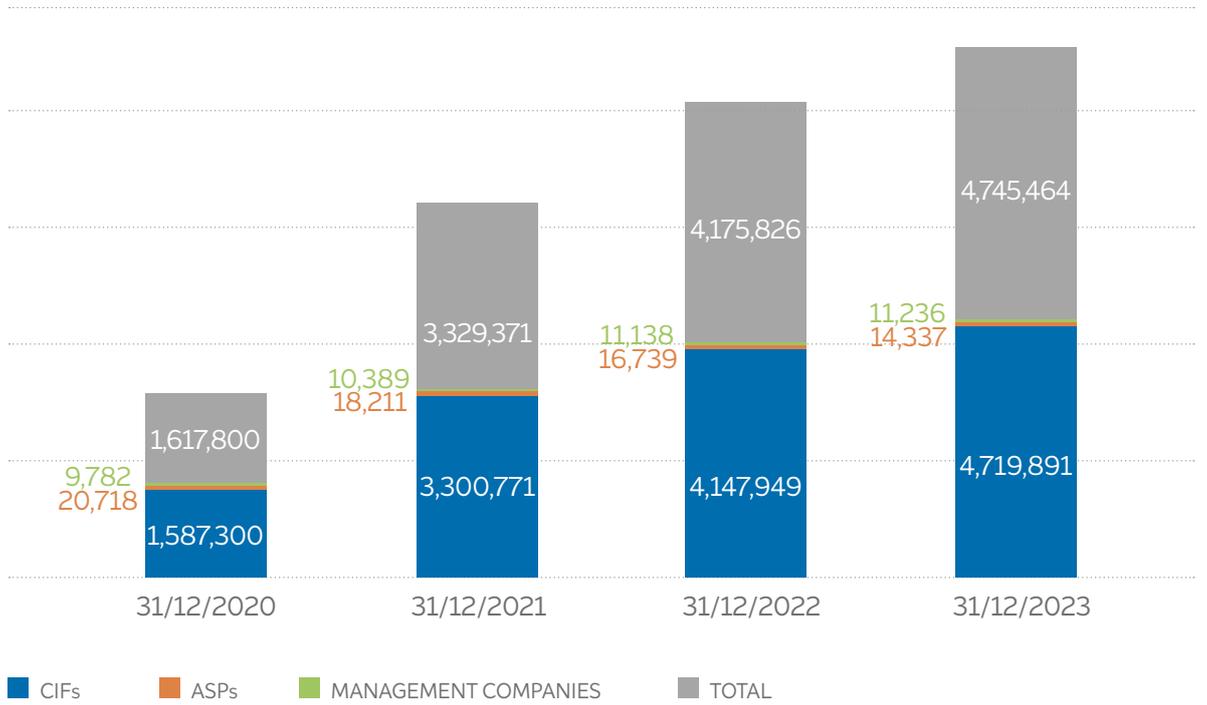


The number of Listed Companies **only** includes the employees of issuers who are listed on the CSE.

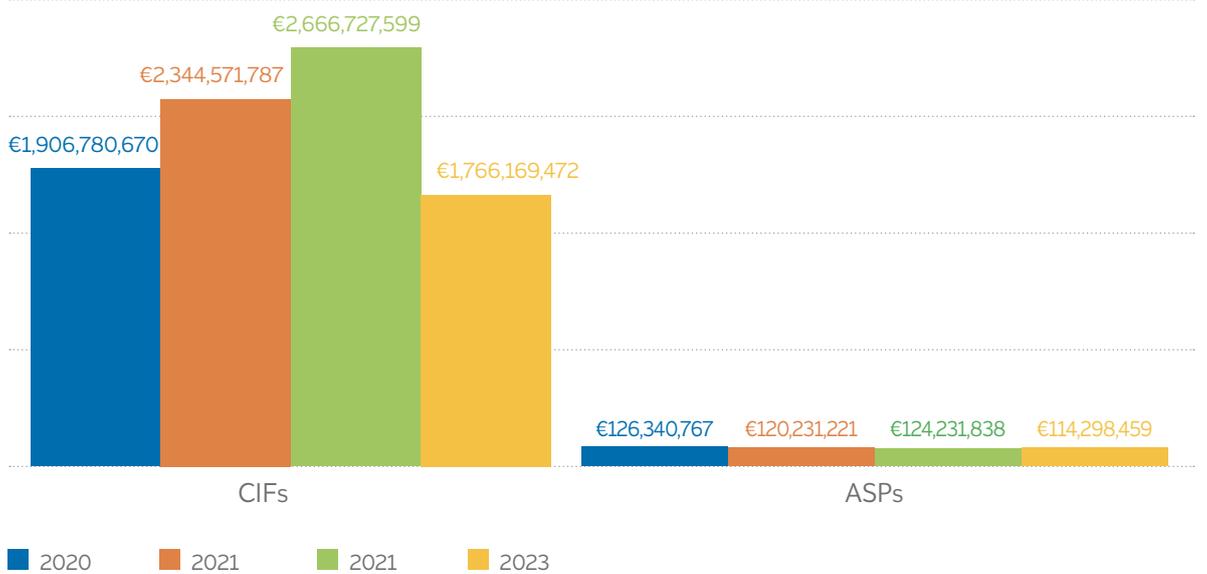
## NUMBER OF EMPLOYEES AS A PERCENTAGE IN 2023



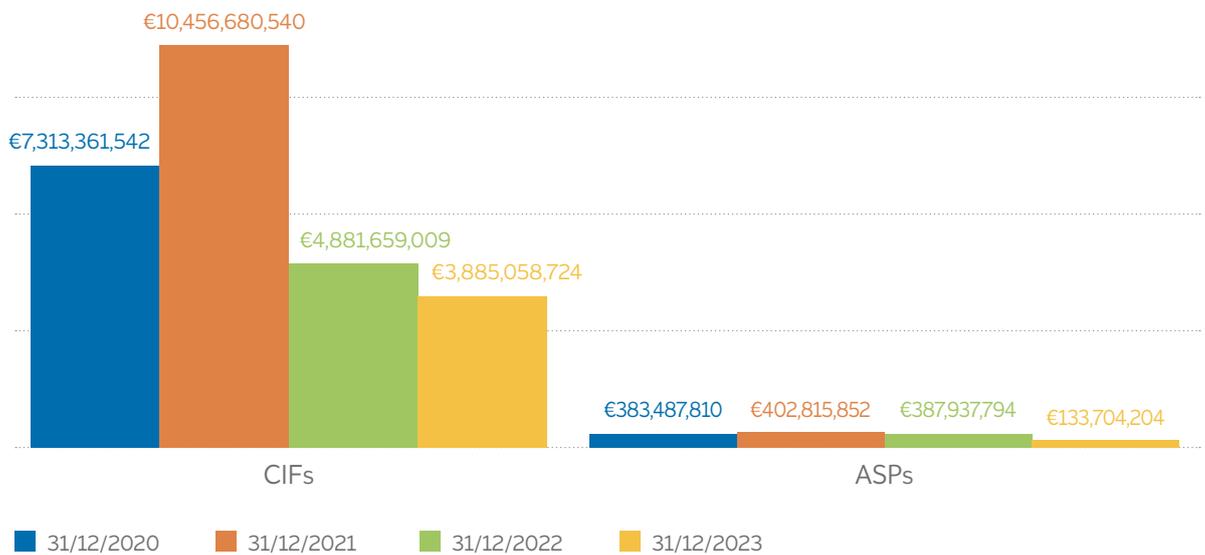
### NUMBER OF CLIENTS OF CIFs, ASPs AND MANAGEMENT COMPANIES



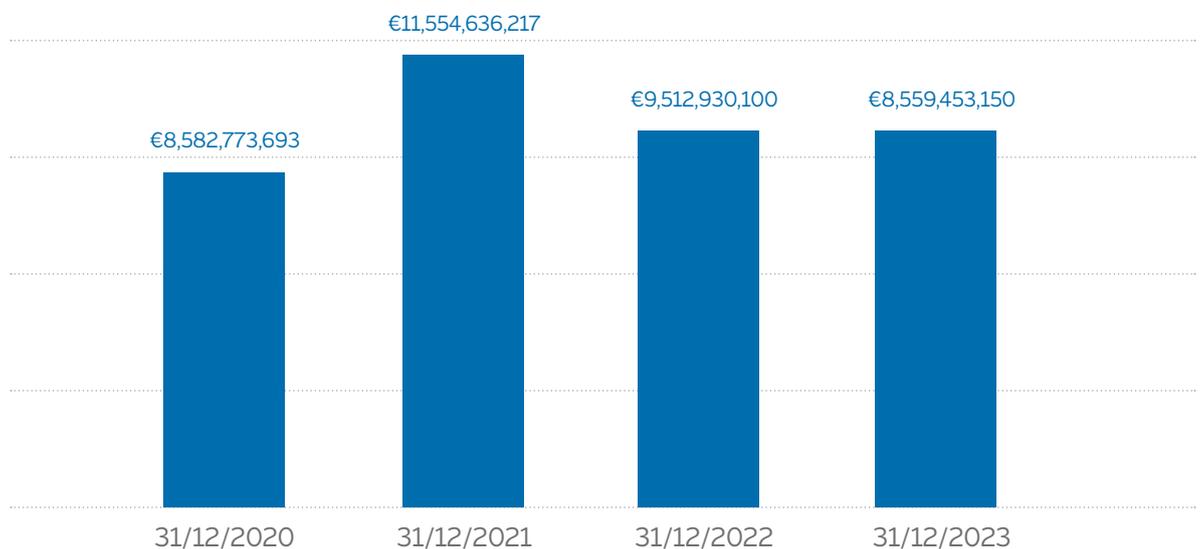
### TURNOVER OF CIFs AND ASPs



## TOTAL ASSETS OF CIFs AND ASPs



## ASSETS UNDER MANAGEMENT BY COLLECTIVE INVESTMENT MANAGEMENT COMPANIES





# The Commission

**The Cyprus Securities and Exchange Commission (CySEC)** is an Independent Public Supervisory Authority, responsible for supervising the investment services market, the stock market and the collective investments and asset management sector. Furthermore, it supervises businesses that provide administrative services, which do not fall within the remit of ICPAC or the Cyprus Bar Association, as well as Crypto Asset Service Providers.

## Vision

The vision of the Cyprus Securities and Exchange Commission is to establish the Cypriot securities market as one of the safest, most reliable and attractive investment destinations.

## Mission

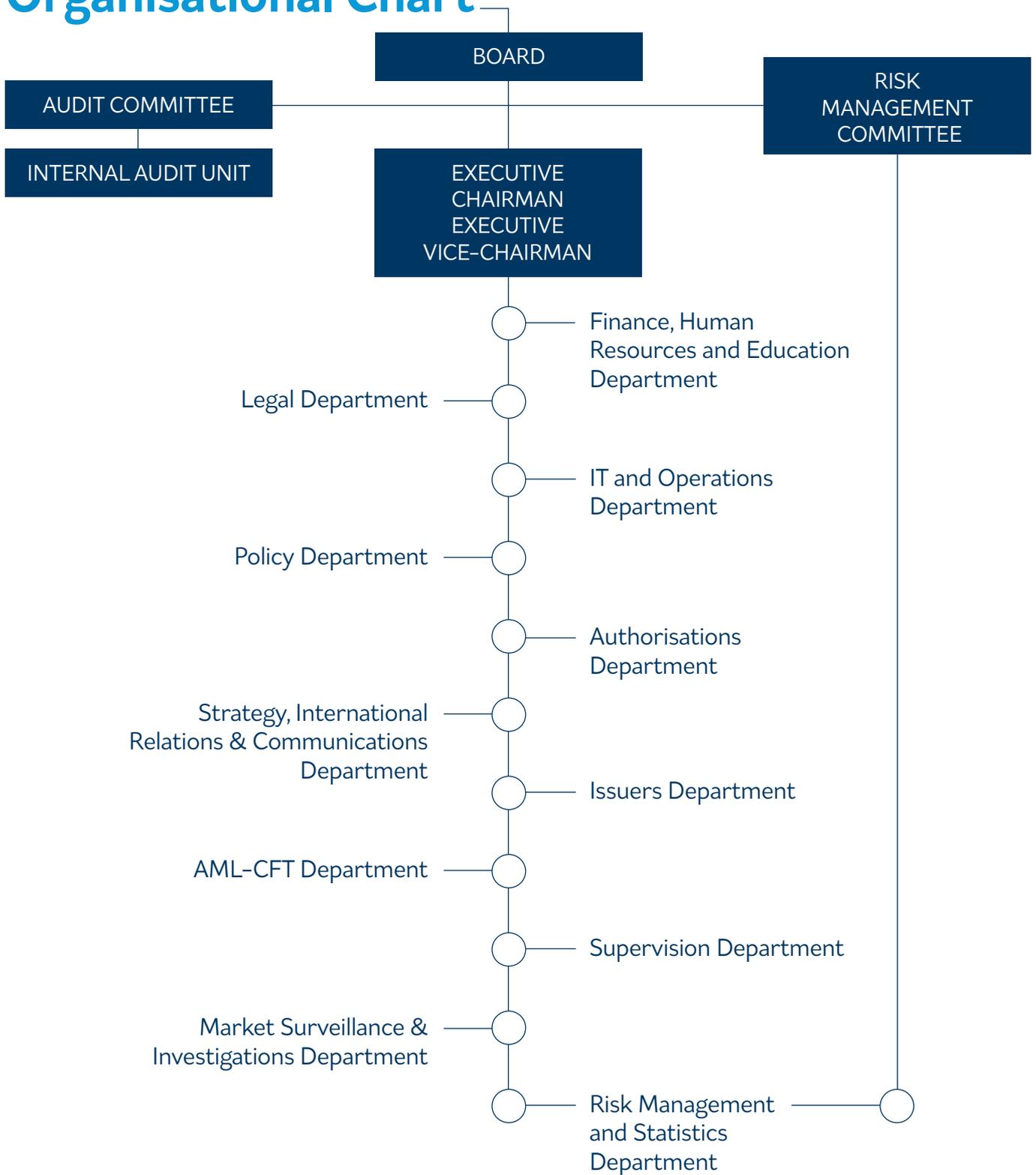
The mission of the Cyprus Securities and Exchange Commission is to apply effective supervision, which ensures investor protection and the healthy growth of the securities market.

## Responsibilities

Among others, CySEC's main competencies and responsibilities include:

- Examining applications and granting operating licences to entities that are under its supervision, as well as suspending or revoking said licences.
- Supervising and auditing the operation of the Cyprus Stock Exchange and other organised markets in the Republic, and the transactions taking place therein.
- Supervising and inspecting the organisations under its supervision, to ensure their compliance with the law governing their operation.
- Carrying out investigations as part of exercising its legally mandated competencies, as well as on behalf of other foreign competent authorities.
- Requesting and collecting information necessary or conducive to exercising its duties under the law and requesting and demanding information in written form from any natural or legal entity or organisation deemed to be in a position to provide the required information.
- Imposing any administrative and disciplinary sanctions provided by the law.
- Demanding the cessation of practices which are contrary to the securities market laws.
- Applying to a competent court for the issue of an order for detention or charge or freeze or prevention of alienation, or transactions involving assets.
- Issuing regulatory directives and decisions.
- Cooperating and exchanging data and information with other public authorities of the Republic, competent foreign supervisory authorities and other agencies.

# Organisational Chart



## Website

CySEC's website <https://www.cysec.gov.cy/en-GB/home/> includes information about CySEC and its work. It also features all the decisions of the CySEC Board, as well as the legal instruments, announcements, circulars, Press Releases and other documents prepared by CySEC's various Departments, for the sake of transparency when keeping stakeholders and investors informed.

## Social Media

As part of its strategy to enhance transparency, provide timely information and boost engagement with the public, CySEC is constantly strengthening its presence on social media. The Commission maintains official accounts on Facebook and LinkedIn, with the aim of providing accurate and continuous information to industry professionals and the wider public about its work, actions and initiatives.

At the same time, the Commission has dedicated accounts on Facebook and Instagram, which exclusively promote financial literacy. The official accounts of CySEC include the following:

- X: CySEC\_official
- LinkedIn: CySEC – Cyprus Securities and Exchange Commission
- Facebook: CYSEC Financial Literacy
- Instagram: cysec\_financialliteracy



02

The CySEC  
Board

CySEC is governed by a seven-member Board, consisting of its Chairman and Vice-Chairman, who provide their services on an exclusive and full-time basis, as well as five additional non-executive members. All board members are appointed by the Council of Ministers, following a suggestion by the Minister of Finance. Board Members serve a five-year term, with a right to extend their term for five more years.



**George Theocharides**  
Chairman



**Panikkos Vakkou**  
Vice-Chairman



**Evanthia Tsolaki**  
Member



**Marios Papageorgiou**  
Member



**Vassilis Malikides**  
Member



**Neophytos Lambertides**  
Member



**Loukas Lagoudis**  
Member

## Participation in Meetings

In 2024, the CySEC Board convened 42 times.

Attendance	%
George Theocharides	95
Panikkos Vakkou*	95
Evanthia Tsolaki	90
Marios Papageorgiou	98
Vassilis Malikides	81
Neophytos Lambertides**	96
Loukas Lagoudis***	100

\*Mr Panikkos Vakkou was appointed as the new CySEC Vice Chairman in May 2024, following the resignation of Mr George Karatzias.

\*\*Mr Neophytos Lambertides was appointed as a new CySEC Board Member in May 2024, following the appointment of Mr. Vakkou as Vice Chairman.

\*\*\*Mr Loukas Lagoudis was appointed as a new CySEC Board Member in October 2024, following the completion of Mr. Spyros Ierotheou's term.

In 2024, CySEC's Chairman and Vice-Chairman participated in 7 meetings of the European Securities and Markets Authority (ESMA), 6 meetings of the Risk Standing Committee (RSC), 3 meetings of the International Organisation of Securities Commissions (IOSCO) and 2 meetings of EUROFI (The European Think Tank Dedicated to Financial Services). The board also held another 219 separate meetings with other bodies and individuals in Cyprus, over matters that fall within CySEC's remit.

## 2.1 Audit Committee

The Article 23A of the Cyprus Securities and Exchange Commission Law of 2009 (Law 73(I)/2009), as amended (CySEC Law), provides for the establishment and operation of a three-member Audit Committee (AC), comprising non-executive members of the CySEC Board, as the best practice of public governance. The role, tasks and competences of the AC are defined in its Rules of Procedure, which were adopted by the CySEC Board in December 2019. The AC began operations on 1 January 2020.

The purpose of the AC is to provide support to CySEC's Board and guidance on the fulfilment of its supervisory tasks. Specifically, it contributes to the development and maintenance of an adequate and effective internal audit system, the financial reporting process and the independence and objectivity of the Internal Audit Unit (IAU) and the external auditors. Moreover, it contributes to the effective conduct of the IAU's work and CySEC's compliance with the recommendations of the Auditor General of the Republic.

The AC examines, inter alia, the reports of the IAU, the Auditor General, any external auditors and other independent consultants. The aim is to ensure the adequacy and effectiveness of the Internal Audit System, the response of the Management and the implementation of corrective measures.

In 2024, the AC consisted of the following non-executive members of the CySEC Board.

- Marios Papageorgiou – Chairman
- Vassilis Malikides – Member
- Spyros Ierotheou – Member until 01/10/2024
- Evanthia Tsolaki – Member since 04/11/2024

During 2024, the AC held a total of three meetings while its decisions were submitted for approval to the plenary of CySEC's Board.

The AC receives secretarial support by CySEC's IAU.

### 2.1.1 Internal Audit Unit

The IAU falls under and functionally refers to the AC of the CySEC board, while it is administratively governed by the Chairman and/or Vice-Chairman of CySEC.

The Internal Audit Unit's main competencies include the provision of independent, objective assurances and advisory services in relation to the Commission's operations. The Unit's mission is to function in a complementary manner to achieve the Commission's objectives, through the adoption of a systematic and disciplined approach, for any needs identified by the Unit, suggesting ways to improve the efficiency of risk management procedures, the internal control system and governance.

The Head of the IAU, or her representative, attends AC meetings, without the right to vote.

## 2.2 Special Risk Management Committee

Acknowledging the importance of early identification and proper risk assessment and management within the Organisation, CySEC approved, in August 2022, the establishment of a Special Risk Management Committee (SRMC) of the CySEC Board, which is regulated by Article 23 of the CySEC Law on “Special Committees”. The SRMC aims to support and assist the CySEC Board in managing and evaluating the risks facing the Organisation. It is also expected to contribute to ensuring greater oversight of the risk management process and provide relevant recommendations where necessary. The SRMC consists of three members as well as CySEC’s Vice-Chairman, Mr. Panikkos Vakkou as well as two independent non-executive members of the CySEC Board, Mr. Neophytos Lambertides and Mr. Marios Lagoudis.

The Committee convenes every three months or on an ad-hoc basis whenever deemed necessary. During 2024, a total of four meetings took place, where several issues regarding CySEC’s compliance with best practices in managing internal and external risks were examined. The decisions taken by the SRMC were submitted to the CySEC board either for approval or for informative purposes.

The heads and/or representatives of the IAU and the Risk Management and Statistics Department (RMSD) also participate as observers in the sessions of the SRMC. In addition, the RMSD is responsible for handling procedural issues during SRMC’s meetings including, among other things, the coordination and preparation of the Meeting Agenda, the provision of secretarial support etc. Furthermore, as part of its duties and role as the Second Line of Defence in CySEC, the RMSD contributes to the agenda of the SRMC’s meetings and is responsible for communicating directly and informing the SRMC on issues related to risk management within CySEC, submitting memos and recommendations. The information that SRMC receives from the RMSD enables it to decide on further corrective measures in order to ensure that CySEC’s risk exposure is in line with the limits determined by the Board.

### 2.2.1 Risk Management and Statistics Department

The RMSD acts as the Second Line of Defence within CySEC, with the aim of strengthening the risk culture and consolidating the risk management process in all of CySEC’s activities. It is actively involved in and contributes to ensuring the effectiveness of Risk Management procedures within CySEC, which is also among the SRMC’s priorities. To this end, the SRMC organises training seminars for CySEC staff on risk management matters, deals with the process of identifying, understanding, evaluating and managing the risks that CySEC is exposed to during the execution of its responsibilities, both internally and externally, while systematically monitoring and evaluating the risks related to its regulated entities, thus contributing to CySEC’s strategic objectives.

In addition, the RMSD prepares an annual Risk Assessment Report for CySEC, which is examined by the SRMC and then submitted to the CySEC Board for final approval. Upon its approval, it is then submitted to the Ministry of Finance along with CySEC’s budget.

The Department of Risk Management and Statistics reports directly to the SRMC for risk management issues, while operational or other issues are reported to the CySEC Board and/or CySEC’s Chairman and Vice-Chairman. CySEC’s other departments report to the RMSD on risk management issues, which then examines and updates and/or submits relevant memos to the SRMC when necessary. The role, tasks and responsibilities of the RMSD are described in more detail in part (4.5) of this Report.

### 2.3 CySEC's Compliance with the Code of Public Governance

The Cyprus Securities and Exchange Commission (CySEC) is an Independent Public Supervisory Authority, which must follow best governance and organisation practices, on the basis of the Code of Public Governance (CPG), so as to ensure transparency, accountability and equity, which in turn will help it remain effective and viable.

CySEC follows practices and procedures geared towards establishing governance principles but also balancing the needs of all stakeholders, including staff, regulated entities, investors as well as other public, European and international organisations (interested parties). Furthermore, by implementing these practices, CySEC's aim is to ensure transparency and provide timely information, while also safeguarding the Board's relevant independence in its decision-making.

CySEC undertook a mapping of its Policy and Governance Framework, adopting the six principles of the CPG. CySEC's Policy and Governance Framework was approved by the Board on 9/1/2023 and was later shared with all CySEC staff. These documents will be reviewed annually by the Board and, revised whenever there are significant changes.

CySEC's current governance structure is presented in brief below, by CPG thematic unit.

#### 2.3.1 Organisational Values & Engagement with Stakeholders

CySEC's Organisational Values were shaped and approved by all Departments, following their approval by the Board. They can be found on CySEC's website along with the Organisation's Vision and Mission. The values are announced to staff and are incorporated in CySEC's approved internal policies and procedures. The Board is responsible for overseeing CySEC's operation and ensuring that these values are adopted by the heads of all Departments.

In addition, all new CySEC Board members are forwarded the Strategic Plan, which includes CySEC's Vision, Mission and Values. The Strategic Plan also includes CySEC's annual targets and projects, which are based on the legitimate and reasonable needs and expectations of all stakeholders.

CySEC maintains regular communication with stakeholders to obtain their feedback and perspectives on their long-term needs, with a view to adopting an approach that effectively safeguards investor protection, supports prudent market development, and promotes healthy competition.

#### 2.3.2 Vision, Mission & Strategy

CySEC's Strategic Plan is based on its Values and Vision. The Strategic Plan includes CySEC's annual targets and projects, taking into consideration its annual budget, as well as the annual review and future expectations of CySEC and the stakeholders.

The Strategic Plan is assessed and approved by the Board, which is responsible for monitoring its execution and ensuring its implementation by the Heads of Departments.

The Board reviews, discusses and re-approves the Strategic Plan wherever deemed necessary, according to the developments of the securities market, and CySEC's current and future operating framework. The Departments' action plans and CySEC's available resources also dictate whether the Plan needs to be revised, to ensure its future sustainability and the implementation of its mission and vision.

### 2.3.3 Capacity-Building at CySEC

The Board ensures that the appropriate structures are in place when it comes to management and staff. CySEC follows the public service recruitment process, based on Law 6(I)/1998 on the Evaluation of Candidates for appointment in the Public Service, and applies the provisions of the regulations under the Cyprus Securities and Exchange Commission Law, regarding recruitment. CySEC recruits staff based on the Strategic Plan and approved budget.

The Board defined CySEC's organisational structure, which consists of the Heads of Departments as well as the independent Internal Audit Committee, in a way that ensures that CySEC meets its targets, in line with the Strategic Plan.

CySEC implements staff recruitment, assessment and training procedures to ensure that its staff have the skills required to implement the Strategic Plan. Any training needs are also identified during the annual staff performance assessments. Training needs are assessed by the Heads of Departments, who then organise specialised internal seminars, as well as seminars by third parties, based on the Strategic Plan.

Furthermore, the Board is responsible for monitoring and ensuring the efficacy and adequacy of technology and data management. More specifically, the Strategic Plan lays out CySEC's needs and priorities when it comes to technology and data management, as these have been discussed and decided by the Heads of Departments in cooperation with the IT Department and approved by the Board.

### 2.3.4 Risk Supervision and Internal Audit

The Board is responsible, with the cooperation of the Audit Committee (AC) and the SRMC, for supervising and managing any risks facing CySEC.

The AC is responsible for developing and maintaining a sufficient and effective internal audit system, the financial information procedure, the independence and impartiality of the Internal Audit Unit and external audits, the effective operation of the Internal Audit Unit and CySEC's compliance with the recommendations of the Auditor General of the Republic. The AC informs the Board about any issues that are detected as a result of the audits, while it also receives authorisation to take the required steps so that CySEC can deal with them accordingly.

The RMSD seeks to assist the Board in assessing and managing the risks facing CySEC. It also contributes to ensuring greater oversight of the risk management process and offers relevant recommendations where necessary.

In addition, CySEC has implemented the Risk Based Supervision Framework (RBS-F), which is used to measure and mitigate the risks arising from Regulated Entities.

At the same time, CySEC also implements the Enterprise Risk Management Framework (ERMF), for the identification and assessment of other internal and external risks. In addition, annual risk assessment reports for CySEC are prepared and submitted to the Ministry of Finance along with CySEC's budget.

### 2.3.5 Supervision, Referral and Decision-making

The Board receives the following reports and information, in order to assess CySEC's performance:

- Annual report of the projects per CySEC Department,
- Annual report on CySEC's work over the preceding year and assessment based on the Strategic Plan,
- The Budget report for the following year is accompanied by:
  - An Annual Risk Assessment Report and
  - A filled-in questionnaire evaluating compliance with the Code of Public Governance,

- Periodic Reports by the Audit Committee on matters it is investigating,
- Periodic Reports by the RMSD on matters it is investigating,
- An Annual Report, which includes governance, the Departments' role and responsibilities, CySEC's annual activities relating to the supervision and development of the sector, as well as corporate social responsibility actions and CySEC's responsibility to protect the environment,
- Annual audited financial statements by the Auditor General,
- Audit Office Report presenting its findings following an audit of the Organisation, as well as relevant recommendations.

The Annual Report, along with the Annual audited financial statements, are uploaded to CySEC's website after being approved by the Board.

### 2.3.6 The Board's efficiency

According to CySEC law:

- Board members are appointed by the Council of Ministers after being nominated by the Minister of Finance.
- The Chairman and Vice-Chairman must have proven experience and training in the financial services sector.
- The rest of the Board members must have a university degree and experience in either law, finance, money markets, securities markets, accounting or business.
- Any individual who takes up duties as a Board member signs a declaration of loyalty and confidentiality when carrying out their duties.

The law also provides that any Board members' potential conflict of interest is dealt with.

The Board's Chairperson has individual meetings with the new members upon their appointment and prior to their participation in Board meetings and provides them with a detailed description of their duties and responsibilities under CySEC law.

### 2.3.7 Future Plans

Aiming at the continuous improvement of its governance practices and processes, CySEC is in the process of implementing a number of projects, as part of its medium-term strategic plan. A few are mentioned below:

- Strengthening the capabilities of its human resources through training in innovation and digital finance, operational processes and systems, existing and new legislative and regulatory frameworks as well as issues related to data management, cybersecurity, business continuity and health and safety.
- Continuous improvement, upgrading, updating and automation of tools, systems, forms and procedures.
- Development and adaptation of supervisory tools and systems for integration of new areas of supervision.
- Receiving the ISO 27001 (Information Security Management Systems) Certification, with the implementation of corresponding policies and procedures for data management and storage.
- Organising internal activities to strengthen organisational culture through initiatives that promote communication, cooperation, reward and participation.



**03**

**Developing  
the sector**

### 3.1 Authorisations Department

*“Investor protection is the cornerstone of the securities market and its development. Therefore, our goal is to ensure that new market entrants meet the eligibility criteria and can apply the rules of conduct so that they act in the best interests of investors.*

*The digital transformation of the capital market brought about by the emergence of new technology based financial products and services (fintech) and the possibility of offering new sophisticated products within the European area, combined with the promotion of sustainable investments, is the biggest challenge for continuing to safeguard the best interests of investors and the healthy development of the capital market.”*

#### **Irene Spyrou**

Head of Authorisations Department

#### **3.1.1 Duties/ Competencies**

The duties of the Authorisations Department have increased significantly in recent years, mainly due to the development of the securities market and the introduction of new types of entities supervised by CySEC.

The Authorisations Department reflects CySEC’s image and reputation, since it is the first point of contact between regulated entities and CySEC, as this is where their applications for operating licences of all types that fall under the supervision of CySEC are submitted and assessed.

The Department also examines issues that have to do with substantive changes that require CySEC’s approval. To this end, officials at the Authorisations Department monitor the compliance of regulated entities with their obligations in terms of substantive changes to their activities, their shareholder and organisational structure, as well as the exercise of cross-border activity. Furthermore, the Department’s officers investigate possible breaches of legislation relating to substantive changes and/or continuous obligations.

Finally, the Department has an active role in working groups both at national and European level, which establish the rules and the legislative framework governing the work of CySEC on licensing issues, thus contributing substantially to the sound development of the financial sector.

A special Unit handling cross-border service requests operates within the Department, in line with the Investment Services and Activities and Regulated Markets Law.

In addition to the above, an Investigation Unit operates within the Department, which aims to further strengthen the supervisory role of CySEC in the field of prudential supervision. The Unit’s staff also acts as the liaison of the Authorisations Department with the International Relations Department, assisting the former in the processing of requests submitted by other Supervisory Authorities. This creates synergies that enhance the assessment of the proposed shareholders and generally the natural persons employed in regulated entities which are subject to assessment by CySEC.

The evaluation of applications and notifications is also boosted by the operation of the Interview Panel, which conducts personal interviews with the aim of assessing the suitability of the natural persons participating in all regulated entities (Directors, shareholders, key function holders, etc.)

#### **3.1.2 Objectives for 2025**

In 2025, the Authorisations Department will continue to promote the use of best practices when assessing the applications submitted to it, with the ultimate objective of ensuring the healthy development of the financial sector.

In addition, the Authorisations Department in collaboration with the IT Department is planning:

- The automation of CySEC's application process, whether it concerns applications for an operating licence or substantive changes.
- The automation of the application process for the provision of cross-border services.

Upon the completion of the above projects, a number of procedures related to the submission, assessment and archiving of requests submitted to CySEC is expected to be automated. The aim is to avoid, as far as possible, the submission of physical documents in order to continuously improve the work of the Department, both in terms of quality and speed. A digital database will also be created which will include the statistical data maintained by the Authorisations Department for all the applications it receives and processes.

### 3.1.3 The Department's operations

#### Crowdfunding service providers

In January 2024, the Authorisations Department issued a call for applications for the authorisation of crowdfunding service providers in accordance with the European Regulation (EU) 2020/1503.

#### Crypto-asset service providers

During 2024, the Authorisations Department participated as an observer in the work of the Digital Finance Standing Committee of ESMA, which mainly concerned the formulation of regulatory and implementing technical standards supplementing Regulation (EU) 2023/1114 of the European Parliament and Council of the EU dated 31 May 2023 on markets in crypto-assets and amending Regulations (EU) No 1093/2010 and EU No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937 (MiCAR), the formulation of Guidelines and Q&As on the MiCAR Regulation, the Digital Operational Resilience Act (DORA), etc.

On 17 October 2024, CySEC issued a notice reminding interested parties that Regulation (EU) 2023/1114 (MiCAR) had entered into force for issuers of Asset-Backed Securities and Electronic Money Securities on 30 June 2024 and that it would apply to Crypto-Asset Service Providers (CASPs) on 30 December 2024.

In view of the above, CySEC drew the attention of interested parties to the "Transitional Measures" of Article 143, Paragraph 3 of the Regulation on Markets in Crypto-Assets, according to which "Crypto-Asset service providers who provided their services in accordance with the applicable legislation before 30 December 2024, may continue to do so in the same manner until 1 July 2026, or until they obtain or not obtain a licence under Article 63, whichever date comes first". Therefore, CASPs that were registered in the CASP Register in accordance with the National Rules<sup>1</sup> and provided services before 30 December 2024, shall continue to provide their services until 1 July 2026, or until they obtain or not obtain a licence pursuant to Article 63, whichever comes first. To this end, on 30 December 2024, the Licensing Department issued a relevant circular to the CASPs registered in its Register.

In the same announcement, CySEC announced the termination of acceptance of CASP registration applications, in accordance with the National Rules, in view of the implementation of the Regulation on Markets in Crypto-Assets for CASPS on 30 December 2024.

In addition, CySEC announced that as of 30 October 2024, it no longer accepts Notifications, based on National Rules, from entities established in the European Economic Area (EEA) and registered with one or more EEA

1. The national rules for the provision of services to crypto-assets consist of: a) the Law on the Prevention and Combating of Money Laundering and Terrorist Financing, b) the Directive on the prevention and combating of money laundering and terrorist financing – Register of Crypto Asset Service Providers (the 'CASP Registration Directive') and c) the CySEC Directive on the Prevention and Combating of Money Laundering and Terrorist Financing (collectively referred to as the 'National Rules')

Competent National Authorities for the provision of crypto-asset services. Entities that had submitted a successful notification by the above-mentioned date were entitled to continue providing their services on a cross-border basis in the Republic during the transitional period, as mentioned above.

Furthermore, CySEC announced that in cases when the aforementioned entities submit an application for licensing, in accordance with the Regulation on Markets in Crypto-assets, they must immediately inform CySEC whether or not they have been licenced during the transitional period for the purposes of updating the EEA's CASP Register. In the event that they obtain a licence, the entities in question must comply with Article 65 of the Regulation on Markets in Crypto-assets.

Moreover, CySEC announced on 13 November 2024, its decision to begin accepting preliminary applications for CASP licences and notifications from interested parties on the basis of Articles 62 and 60 of the Regulation, respectively, aiming to ensure a smooth transition to the Regulation on Markets in Crypto-assets. To this end, the Authorisations Department published relevant forms. Based on this announcement, in December 2024, two applications for CASP authorisations and one notification from a CIF for the provision of crypto-asset services were submitted to CySEC.

In order to examine applications and notifications based on the Regulation on Markets in crypto assets, a team of officers from the Authorisations Department was set up, who received specialised training throughout 2024, including programmes/ seminars and their participation in the EU Digital Finance Academy in Florence.

### Creation of a European Electronic Register for information exchange between the national supervisory authorities of EU member states

In 2024, as in 2023, the Authorisations Department participated in a Working Group with representatives of the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and ESMA, to establish procedures for the creation of a European electronic register for information exchange on the suitability and integrity of persons assessed by national supervisory authorities. Upon completion of consultations regarding the institutionalisation of information exchange and in collaboration with CySEC's IT and Strategy, International Relations and Communications Departments, the Authorisations Department is focusing its efforts on creating a local electronic system that will be integrated into the European register and will cover all natural and legal persons under CySEC's supervision.

### Regulation 2019/1238 on Pan-European Personal Pension Products (PEPP):

In the context of the implementation of the aforementioned Regulation, CySEC issued relevant guidelines and a Directive (D73-2009-03) in late 2024, for the registration of PEPPs in the main register of EIOPA (European Insurance and Occupational Pensions Authority), based on a decision to be taken by CySEC as the national competent authority of entities under its supervision that may act as PEPP providers.

PEPP is a voluntary individual pension scheme that complements existing public and occupational pension schemes, along with private national pension schemes. The Regulation (EU) 2019/1238 aims to offer depositors more options as well as more competitive personal pension products as they save for retirement, while benefiting from strong consumer protection.

## 3.1.4.1 Review of applications for operating licences

Category	No. of applications submitted in:		No. of companies granted a licence in:		Conditional licence/pre-approval		No. of rejections		No. of applications withdrawn by applicants	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
CIF	11	14	17	10	13	14	2	1	7	3
CASP <sup>2</sup>	9	3	6 (listing)	11 (listing)	1	3	0	4	1	7
CSP <sup>3</sup>	2	0	1	1	0	0	0	0	0	0
EEA CASP <sup>4</sup>	13	12	10 (listing)	17 (listing)	0	0	2	0	0	0
ASP	8	2	5	8	0	0	0	0	0	0
UCITS MC	0	0	0	0	0	0	0	0	0	0
UCITS	0	0	0	0	0	0	0	0	0	0
AIFM	3	4	3	6	1	2	0	0	1	0
Small AIFM	0	0	0	0	0	0	0	0	0	0
RAIF	41	19	36 (listing)	23 (listing)	0	0	0	0	0	0
AIF (ext. Managed)	2	2	2	1	0	2	0	0	0	0
AIFLNP (ext. Managed)	0	1	0	1	0	1	0	0	0	0
Special Purpose Entities	0	0	0	0	0	0	0	0	0	0
AIF (int. Managed)	1	0	0	1	1	0	0	0	0	0
AIFLNP (int. Managed)	1	4	2	1	1	1	0	0	0	3

<sup>2</sup> CASP: Crypto Asset Services Providers

<sup>3</sup> CSP: Crowdfunding Service Providers

<sup>4</sup> EEA CASP: European Economic Area Crypto Asset Services Providers

## 3.1.4.2 Review of notifications for substantive changes by CIFs

	2022	2023	2024
Number of notifications to participate in a CIF that were reviewed by the CySEC Board	38	39	34
Number of notifications to change a CIF's organisational structure that were assessed	161	136	125
Number of applications by a CIF to extend their operating licence, including applications to engage in other activities	25	17	20

The assessment of the above data (3.1.4.1 and 3.1.4.2) shows that the highest number of applications were for a CIF operating licence as well for the registration of Crypto Asset Service Providers (CASP) in CySEC's Public Registry.

As for the Collective Investment sector, the interest of investors to become active as Alternative Investment Fund Managers (AIFM) seems to have decreased, while there was no interest in operating UCITS Management Companies. A preference for the establishment of registered Alternative Investment Funds was also observed.

The number of applications for an Administrative Service Provider's operating license showed a decrease compared with 2023.

## 3.1.4.3 Personal Interviews

During 2024, a total of 178 personal interviews were conducted with Proposed Shareholders, Directors and other key function holders in regulated entities.

## PERSONAL INTERVIEWS PER REGULATED ENTITY

	2022	2023	2024
CIFs	175	150	106
ASPs	3	0	5
AIF/ AIFLNP/ UCITs/ UCITs Management Companies	49	48	67
<b>TOTAL</b>	<b>227</b>	<b>198</b>	<b>178</b>

## 3.1.4.4 Review of CIF requests for Voluntary withdrawal of Operating Licence

	2023	2024
Number of requests submitted to CySEC	13	12
Number of reviewed requests	6	13

## 3.1.4.5 Review of requests for substantive changes to Undertakings for Collective Investments

Notifications	Number	
	2023	2024
Change of shareholders at internally managed UCI <sup>5</sup>	3	1
Changes to UCIs organisational structure	10	12
Conversion from internally managed AIF/AIFLNP to externally managed AIF/AIFLNP	1	1
Conversion of AIFLNP into an AIF	1	1
Conversion of RAIF into an AIF	0	0
Compliance of AIF/ AIFLNP with legal provisions	3	0
Change of UCI manager	12	4
Change of AIF Custodian	28	10

## 3.1.4.6 Review of requests to revoke the operating licence/ voluntary liquidation of Undertakings for Collective Investment

	2023	2024
Revocation of operating licence/ voluntary liquidation of internally managed AIFLNPs	7	4
Revocation of operating licence/ voluntary liquidation of externally managed AIFLNPs	4	0
Revocation of operating licence/ voluntary liquidation of internally managed AIFs	1	1
Revocation of operating licence/ voluntary liquidation of externally managed AIFs	7	2
Revocation of operating licence/ voluntary liquidation of RAIFs	9	8

## 3.1.4.7 Review of requests for Substantive changes in Investment Fund Managers (AIFMs/ Small AIFMs)

	2023	2024
Change in shareholding structure	4	11
Change in organisational structure	19	19
Operating licence amendment	7	3

<sup>5</sup> UCI stands for Undertakings for Collective Investment and includes AIFs, AIFLNPs and RAIFs.

### 3.1.4.8 Review of requests by Alternative Investment Fund Managers for Voluntary Withdrawal of Operating Licence

	2023	2024
Requests submitted to CySEC	6	2
Completed requests	5	2

### 3.1.4.9 Investigation Unit

In 2024, the work of the Investigation Unit included the following, among others:

- A number of ad-hoc in-depth investigations in relation to supervised legal entities and/or natural persons, either after receiving specific information (from whistle-blowers or through other means) or when deemed necessary following departmental consultation. For in-depth investigations, the Department's staff utilizes specialised Risk Intelligence solution software which allows for the investigation of legal and natural persons worldwide, the identification/ analysis of PEPs, companies and individuals included in sanctions lists, their activity history, convictions and any other negative information that may apply.
- Handling of all communication with other national Supervisory Authorities (CBC, CBA, etc.) and/or foreign Regulatory Authorities on issues concerning the suitability and integrity of persons intending to participate in regulated entities.
- Identifying misleading online ads on social media both in case of regulated entities and in case of cloning through the creation of fake profiles.
- Identifying websites that falsely claimed to be supervised by CySEC and referring the data to the Investigation Unit for further action.
- Active contribution to the ad-hoc Working Group on the implementation of European economic sanctions against Russia by assessing whether any of the supervised persons were included in the sanctions.
- Handling of all interdepartmental communication regarding requests from other Supervisory Authorities and the Police Department for assistance in relation to regulated entities.

The Investigation Unit aims, with a fully resourced team, to also carry out regular due diligence checks on electronic databases for all entities under CySEC's supervision.

### 3.1.4.10 Cross-border Activity

#### 3.1.4.10.1 Notifications of CIFs/ IFs and CSP

In 2024, the following CIF/IF and CSP notification were processed:

- A. CIFs that have used Outward Passporting
- i) Free provision of cross border services

Notifications	2023	2024
CIFs that sent a notification for free provision of services to member states for the first time	26	28
CIFs that sent a notification for additional/fewer investment services, increase/ reduction of financial instruments in member states (additional services)	15	17
CIFs that sent a notification regarding changes to their contact details (name of CIF, address, telephone, fax, contact person)	58	64
CIFs that sent a notification for changes to their domains (addition of new one/ removal of current one)	41	42
CIFs that sent a notification for changes to trading names	6	10
CIFs that sent a notification for the use of a tied agent, registered in the Republic, to provide cross-border services to a member state	0	1
To suspend the license of CIFs, notifications were sent to the member state in which the CIFs offer cross-border activities	1	2
To extend the suspension of the licence of CIFs, notifications were sent to the member state in which the CIFs offer cross-border activities	2	2
To terminate the suspension of the licence of CIFs, notifications were sent to the member state in which the CIFs offer cross-border activities	2	0
In order to terminate the licence of CIFs, notifications were sent to the member state in which the CIFs offer cross-border activities	10	13
Notification on the termination of the provision of services to a specific member state	1	2
CIFs that sent a request for free provision of services to third countries*	6	3

Note:

\* CIFs requests for the provision of services to third countries are not relayed, as the Law does not cover the provision of services to third countries; however, they can be processed under Circular 534 provided that CIFs present a relevant licence from the third country's supervisory authority for the provision of such services. In the absence of any licensing requirement by a third country Supervisory Authority, CIFs should provide a certificate by the third country's Supervisory Authority stating that the legislation does not require such authorisation for conduct of the specific services/ activities.

ii) Opening a CIF branch in an EU member state

In 2024, 3 notifications were sent to open a CIF branch in a member state (4 in 2023). Furthermore, three branches, which were authorised by the competent member state, ended their operation (3 in 2023) and there was one withdrawal of notification/ application for the establishment of a branch in a member state by a CIF, which was under evaluation by the competent Supervisory Authority.

Finally, in 2024, there were a total of 9 changes in branches (18 in 2023).

## iii) Appointment of tied agents in EU member states

Throughout 2024, four notifications were sent for the appointment of a tied agent (1 in 2023). Additionally, two tied agents, who were registered by the competent member state, were terminated (6 in 2023). Finally, in 2024, there were a total of 4 changes to the tied agents in member states (13 in 2023).

## iv) Appointment of tied agents registered in the Republic

In 2024, one CIF tied agent was registered under the CySEC register in the Republic (0 in 2023). Furthermore, one tied agent was terminated during the year (4 in 2023). Finally, there was a total of one change to the tied agents registered in the Republic (4 in 2023).

## v) CIF Representative office in a member state

In 2024, five notifications were sent to establish CIF representative offices in member states (5 in 2023). Furthermore, there weren't any terminations of representative offices during the year (1 in 2023). Finally, in 2024, there were two changes in the representative offices (3 in 2023).

## B. IFs that used European inward passporting

## i) Free provision of cross-border services

Notifications	2023	2024
IFs that sent a notification for the free provision of services in the Republic for the first time	37	35
IFs that sent a notification for an increase/reduction of investment services, increase/reduction of financial instruments, contact detail changes, as well as for the termination of the relevant notification	72	60
IFs that sent a notification for the use of a tied agent registered in the member state's register for the provision of services by the agent in the Republic	6	2

Note:

The largest volume of notifications from IFs for the free provision of services in the Republic came from the following member states:

A/A	Country	No. of Notifications in 2024
1.	Germany	16
2.	France	12
3.	Netherlands	9
4.	Luxemburg	9
5.	Ireland	7
6.	Liechtenstein	7

## ii) Establishment of IF branch in the Republic

During 2024, one request/ application was submitted by an IF from an EU member state to establish a branch in the Republic (0 in 2023). Furthermore, one IF branch of an EU member state was terminated (0 in 2023).

## iii) Appointment of tied agents in the Republic

In 2024, no requests/ applications were submitted by an IF from an EU member state to appoint a Tied Agent in the Republic (1 in 2023). In addition, no application was rejected for the appointment of a Tied Agent in the Republic during the year (1 in 2023) and no Tied Agents were terminated (0 in 2023).

#### C. CSP (Crowdfunding Service Providers) that have used outward passporting

Free provision of (cross border) services

Notifications	2023	2024
CSPs that sent a notification for the free provision of services in member states for the first time	1	1
CSPs that re-sent a notification for changes/ updates to their existing information for the free provision of services in member states	0	2

#### D. CSP (Crowdfunding Service Providers) that have used inward passporting

Free provision of cross border services

Notifications	2023	2024
CSPs that sent a notification for the free provision of services in the Republic for the first time	12	13
CSPs that re-sent a notification for changes/ updates to their existing information for the free provision of services in the Republic	2	6

#### 3.1.4.10.2 Notifications by AIFMs and UCITS MC

In 2024, the following AIFM and UCITS MC notifications were completed:

##### Alternative Investment Fund Managers (AIFMs)

(a) AIFMs of the Republic that have used outward passporting

Free provision of cross border services

	2023	2024
AIFMs of the Republic that sent a notification for the free provision of services in member states, including the distribution of AIF shares	20	16

Note:

The highest volume of notifications by AIFMs of the Republic for the free provision of services in the European Union came from one member state:

A/A	COUNTRY	No. of notifications	
		2023	2024
1.	Luxemburg	12	5

(b) AIFMs of member states that used inward passporting:

Free provision of cross border services

Notifications*	2023	2024
AIFMs of member states who sent a notification for the free provision of services in the Republic, including the distribution of AIF shares	179	202

Note:

\* The notifications from AIFMs of member states for the free provision of services in the Republic came from the following member states:

A/A	Country	No. of notifications	
		2023	2024
1.	Luxemburg	120	147
2.	Ireland	28	27
3.	France	7	9
4.	Sweden	5	1
5.	Netherlands	12	1
6.	Liechtenstein	3	4
7.	Greece	1	1
8.	Belgium	1	1
9.	Norway	1	0
10.	Spain	1	1
11.	Germany	0	2
12.	Portugal	0	3
13.	Czechia	0	2
14.	Denmark	0	2
15.	Malta	0	1

#### UCITS Management Companies (UCITS MC)

(a) UCITS MC of the Republic that used European outward passporting

Free provision of cross border services

Notifications*	2023	2024
UCITS MC of the Republic that sent a notification for the free provision of services in member states, either to establish a branch, or under the free provision of services regime, including the distribution of UCITS shares.	0	1

Note:

\*The notifications by UCITS MC of the Republic for the free provision of services in the European Union, concerned the following member state:

A/A	Country	No. of notifications	
		2023	2024
1.	Greece	0	1

(b) UCITS MC of member states that used European inward passporting:

Member states of origin of UCITS MCs	2023	2024
France	7	7
Luxemburg	8	10
Liechtenstein	1	1
Greece	6	6
Italy	1	1
Ireland	4	4
Germany	1	1
<b>Total</b>	<b>28</b>	<b>30</b>

Notifications by foreign UCITS to distribute their shares in the Republic

Foreign harmonised UCITS

Number of foreign harmonised UCITS:	2023	2024
Single scheme UCITS	5	0
Umbrella scheme UCITS	45	62
<b>Total</b>	<b>50</b>	<b>62</b>

Foreign UCITS in 2024 mainly originated from Luxembourg and Ireland.

The total number of sub-funds to umbrella schemes in 2024 increased to 595, from 531 in 2023. The number of CySEC-registered Agents rose to 42 in 2024, compared with 30 in 2023.

## 3.2 Policy Department

*“2024 was a year of substantial reforms and strengthening of the regulatory framework. As the Policy Department, we consistently focused on shielding the market, shaping European standards and ensuring compliance with them as well as bolstering investor confidence. We remain committed to promoting policies that enhance the transparency and stability of the financial sector”.*

### **Marios Nearchou**

Head of Policy Department

### 3.2.1 Duties / Competencies

The Policy Department is responsible for forming CySEC's broader policy, with the aim of protecting investors and ensuring the healthy growth of the financial sector. The Department analyses market practices and the adequacy of existing regulations. In addition, where necessary, it proposes the issuance of guidelines for the compliance of regulated entities with the supervisory framework, the amendment of existing national regulations and/or the establishment of new national regulations.

The Department also has an active role in the policy-making process at the EU level, either through its direct participation in relevant working groups, or through internal consultations with CySEC representatives that participate in the European Securities and Markets Authority (ESMA) working groups. In particular, it is actively involved in processing and issuing technical standards, guidelines, Q&As and other supervisory convergence tools. Furthermore, through the Department, CySEC participates in the working groups of the Council of the European Union where European regulations are adopted when deemed appropriate by the Republic's government departments.

The Policy Department is also responsible for supervising and coordinating the operations of the Innovation Hub.

### 3.2.2 Objectives for 2025

The Department's objectives for 2025 include, among others, the promotion of the following actions:

- Implementation of the Regulation 2022/ 2554 on the Digital Operational Resilience Act (DORA).
- Bill on the Cypriot UCI Management Companies – Suggest a direction for fees and chargers, as well as for determining material changes to be submitted to CySEC for approval
- Amendments to Directive 2011/61/EU on Alternative Investment Fund Managers (“AIFMD”).
- Issuing a Policy Statement for the implementation of Regulation 2022/858 for a Distributed Ledger Technology (DLT) pilot regime.
- Issuing a Consultation Document regarding the revision of CySEC's pricing policy.
- Participation in work carried out at European and national level relating to financial regulations, as well as innovation and financial technology.
- Representing the Republic in the working groups of the Council of the European Union.
- Managing inquiries submitted by market participants.
- Participation in various studies conducted by ESMA and other European bodies, including on improving the regulatory framework for investment services, technology and innovation.

### 3.2.3 Department's operations in 2024

#### 3.2.3.1 Department's operations at National Level

##### Regulatory Sandbox

In May 2024, the Regulatory Sandbox was completed with a special online event to be presented to interested parties. The online launch event in early June attracted more than 500 stakeholders from the financial sector, including representatives of supervisory authorities' financial institutions and technology innovators. Participants were informed about the Regulatory Sandbox's operating framework and the potential benefits for participants.

A call for applications was published and additional information along with a Frequently Asked Questions (FAQ) document was posted on the website.

The responsible officials, along with the project team, are currently reviewing the applications that have been submitted.

##### Regulation 2022/2554 on Digital Operational Resilience (DORA)

This Regulation lays down uniform requirements for network and information security systems, which support the business processes of financial entities. The following actions were taken to ensure the full implementation of this Regulation at national level in 2024:

1. A study mapping the Regulation with a view to determining the actions to be taken by both the supervisory authorities and member states and identifying the discretionary powers and obligations arising from it.
2. Consultation with involved departments.

##### Markets In Crypto Assets (MiCA) Regulation

This introduces a coordinated framework in relation to crypto-assets that are fungible and not classified as financial instruments or any other crypto-asset that is excluded from the scope of the Regulation. The Regulation applies to natural and legal persons and some other entities engaged in the issuance, offering to the public, and admission to trading of such crypto-assets or providing services related to such crypto-assets in the EU.

The three types of crypto assets which are subject to the MiCA Regulation are the following:

1. Asset-Referenced Tokens (ART), which is a regulatory category corresponding to so-called "stablecoins" and which are regulated under Title III of the MiCA Regulation,
2. Electronic Money Tokens (EMT), which are regulated under Title IV of the MiCA Regulation and are similar to electronic money in terms of economic functioning and regulation. Given their equivalence to electronic money, EMTs are exempt from the supervisory mandate of CySEC and
3. Crypto assets other than ARTs and EMTs, which are regulated under Title II of the MiCA Regulation, thus constituting a residual category.

Services related to crypto-assets and falling under the MiCA Regulation can be summarised as follows:

1. Initial offers and introduction of crypto-assets for trading
2. Provision of services in relation to crypto-assets, regulated under Title V of the MiCA Regulation
3. Licencing and ongoing obligations of ART and EMT issuers, as set out in Titles III and IV of the MiCA Regulation respectively, and
4. Prevention and prohibition of market abuse involving crypto assets, in accordance with Title IV of the MiCA Regulation

The Regulation has been fully implemented since 30 December 2024. In 2024 CySEC issued a Consultation Paper (CP 2024-01) on the proposed fees and information to be submitted by entities subject to the MiCA Regulation. After reviewing the comments received, the relevant Policy Statement (PS-03-2024) was issued, while the Legal Department issued a Directive and the Authorisations Department issued application forms so that the Commission would be in a position to receive applications under the Regulation in question.

At the same time, through our participation in ESMA's Digital Finance Standing Committee (DFSC), the Department contributes to the drafting, finalisation and publication of all relevant secondary legislation, guidelines and opinions of the European authorities.

### Investment Fund Administrators Bill

These rules shall govern those entities that operate in or from Cyprus and offer to undertakings for collective investments UCI management functions upon a relevant delegation arrangement. Furthermore, among other things, they regulate the terms for granting a licence to provide UCI management functions, their organisation and operation, performance of UCI management functions as well as their supervision by CySEC.

In 2024, Department representatives participated in the sessions of the House of Representatives and submitted positions, statements and analyses on behalf of CySEC.

### Revision of CySEC's Pricing Policy

Work is underway to review CySEC's fees and charges.

The relevant CySEC Guidelines and corresponding legislation governing the payment of fees and annual subscriptions by regulated entities were studied and a list was compiled providing information on all existing fees and periodic changes paid by regulated entities to CySEC in order to consider their amendment.

In 2024, the Board finalised the general approach to CySEC's fees and charges, whereby the review of the pricing policy will initially focus on collective investments and subsequently on CIFs.

A Consultation Paper and Policy Statement on the review of fees and charges are expected to be published in 2025.

### Regulation 2019/1238 on a Pan-European Personal Pension Product (PEPP)

The PEPP Regulation lays down uniform rules on registering, manufacturing, distributing and supervising personal pension products that are distributed in the European Union (EU) under the "Pan-European Personal Pension Product" or "PEPP" Designation.

This pension product is a voluntary long-term personal pension product that complements (and does not replace) existing public and occupational pension systems as well as national private pension schemes. PEPPs can be offered in the EU only by financial institutions including credit institutions, insurance companies, asset management companies, certain investment firms and certain occupational pension funds.

Each member-state's Supervisory Authority is responsible for the examination, assessment and approval of applications from PEPP providers. In particular, CySEC is among the competent Supervisory Authorities for PEPP registration for the following entities:

- i. Investment Firms Authorised In Accordance With Directive 2014/65/Eu ("Mifid li"), Which Offer Portfolio Management Services,
- ii. Investment Firms Or Management Companies Authorised In Accordance With Directive 2009/65/Ec ("Ucits"),
- iii. Eu Alternative Investment Funds (Eu Aifms) Authorised In Accordance With Directive 2011/61/Eu ("Aifmd").

In order to fully implement this Regulation at national level, the following actions were taken:

1. Study of the Regulation in question.
2. Mapping exercise, identification of items that either warrant CySEC charges or require action at member state or Supervisory Authority level.
3. Consultation with other Departments.

In June 2024, a Targeted Consultation Paper was published, the comments received were evaluated, and the relevant Policy Statement and Guideline were issued.

### Definition of Fractional Shares

Preparation of questions and definitions for data collection in relation to fractional shares and issuance of Circular (C659) following consultation with external legal advisors. The main objective of the Circular was to provide guidance to CIFs on the provision of services that allow their clients to acquire fractional exposure to shares. The Circular points out that such services can be offered through fiduciary arrangements, where the shares are held by CIFs as custodian on behalf of clients, who have rights to the fractions of the shares.

Responses were also sent to ESMA regarding the classification of fractional shares.

### 3.2.3.2 Department Operations at European and International Level

In 2024, the department focused on operations that came up at European level, including:

#### Regulation for the establishment of a European Single Access Point (ESAP)

The Regulation aims to provide centralised, digital access to financial, and sustainability related information disclosed by companies and investment products across all member-states. It aims to enhance transparency and facilitate informed decision-making for investors, financial analysts and other stakeholders. It will be implemented gradually until 10 January 2030. Work has already begun at the ESMA level, with the CSE actively participating.

In 2024, the Department participated in mapping work and the creation of an action plan for the gradual implementation of this Regulation.

#### New Regulations on Digital onboarding

CySEC published a Policy Statement on the new rules for remote customer identification (Digital Onboarding) aiming to strengthen the due diligence process through electronic methods (the “Policy Statement” or “PS-01-2024”).

CySEC finalised the Policy Statement after taking into account the views submitted by stakeholders in the Public Consultation.

Among other things:

- Entities subject to the provisions of the 2007 Law on the Prevention and Combating of Money Laundering (“the Obligated Entities”) may use solutions to verify the identity of remote customers on a risk basis,
- Obligated entities must conduct a risk assessment before implementing remote identification solutions and inform CySEC in advance of their intention to do so,
- A new definition, namely “identification document” has been added, extending the acceptance of documents other than passports.

- The obligation to collect documents confirming the customer's address remains as it is. However, it is now possible to confirm the address when collecting copies of original documents through remote identification solutions.

### Retail Investment Strategy (RIS)

The proposal follows the objectives of the existing legislation governing the protection of retail investors at the EU level. Beyond the Markets in Financial Instruments Directive (MiFID II) and the Insurance Distribution Directive (IDD), this framework also includes the Solvency II Directive, the UCITS Directive and the Alternative Investment Fund Managers (AIFM) Directive. Additionally, it includes the amending Regulation on key information documents for Packaged Retail Investment and Insurance-based Products (PRIIPs).

Positions were taken where deemed necessary.

### Regulation from a Framework for Financial Data Access (FIDA)

The proposed Regulation establishes a framework for responsible access to customer data across a wide range of financial services. In addition, the Regulation lays down rules on the authorisation and operation of financial information service providers. The proposed Regulation will apply to the following entities when acting as data holders or data users:

- credit institutions
- payment institutions, including account information service providers and payment institutions exempted under Directive 2015/2366
- electronic money institutions including electronic money institutions exempted under Directive 2009/110 of the European Parliament and of the Council
- investment firms
- crypto-asset service providers
- issuers of asset-referenced tokens
- managers of alternative investment funds
- management companies of undertakings for collective investment in transferable securities
- insurance and reinsurance undertakings
- insurance intermediaries and ancillary insurance intermediaries
- institutions for occupational retirement provision
- credit rating agencies
- crowdfunding service providers
- pan-European personal pension product (PEPP) providers
- financial information service providers

Comments and opinions were submitted where deemed necessary.

**DAC-8 compromise proposal on Cryptos – European Directive 2011/16 on Administrative Cooperation in the Field of Taxation (DAC-8) between the Cyprus Securities and Exchange Commission (CySEC) and the competent Tax Authority**

The DAC-8 (EU) 2023/2226 Directive is the eighth amendment to Directive 2011/16 on administrative cooperation in the Field of Taxation. The purpose of this Directive is to enable Member States to cooperate effectively at

international level in order to prevent or eliminate practices of aggressive tax planning, tax evasion and tax avoidance. CySEC submitted opinions to the Tax Department and contributed to the finalisation of the Bill.

### Implementation of the Green Bond Regulation

The regulation in question is applied as of 21/12/2024 and aims for:

1. The establishment of uniform requirements for bond issuers wishing to use the “European Green Bond” or “EuGB” designation for their bonds offered to investors in the EU.
2. The establishment of a system for registering and supervising external reviewers of European green bonds and
3. The provision of optional disclosure templates for bonds marketed in the EU as environmentally sustainable and for sustainability-linked bonds.

A mapping study of the Regulation was conducted.

### Implementation of the New AML Legislative Package

The Department contributes to the work being carried out to implement the new AML legislative package, which includes the following:

Establishment of a single European Supervisory Authority in relation to the fight against money laundering and terrorist financing. This Supervisory Authority is expected to take over the direct supervision of obligated entities located in the EU on a risk basis. Further objectives include common supervisory approaches and enhanced cooperation between national financial intelligence units. It enters into force on 1 July 2025, with the exception of specific points that will enter into force on 31 December 2025.

### Implementation of AMLD6 and AMLR

Amendment of the regulatory framework for AML issues. The AMLR Regulation enters into force on 10 July 2027 with the exception of specific points that will enter into force on 10 July 2029, while the AMDL6 Directive will enter into force gradually from 10 July 2025 to 10 July 2027.

### Change of acceptable languages for a prospectus

Repeal of CySEC Directive 114-2005-01 on the language of prospectus in cases when the prospectus may be drafted in a language widely used in the international financial sector, i.e. English (not only in Greek).

In December 2024, a Consultation Paper was published along with a proposed draft Directive.

### Implementation of TFR

It aims to strengthen the traceability of financial transactions to combat money laundering and terrorist financing. It requires payment service providers, including crypto-asset service providers (CASP), to collect and transmit detailed information on the payer and payee in transactions. It shall apply from 30 December 2024.

A mapping of the relevant Regulation has been prepared.

### Representation in European and International Committees

The Department represented CySEC in the following committees of the European Securities and Markets Authority (ESMA) and the International Organisation of Securities Commissions (IOSCO):

- Digital Finance Standing Committee, DFSC-ESMA
- Proportionality and Coordination Committee, PCC-ESMA
- Investor Protection Standing Committee, IPSC-ESMA
- Market Standing Committee, MSC-ESMA
- Advisory Committee on Proportionality, ACP-ESMA
- European Forum of Innovation Facilitators, ESMA/EBA/EIOPA
- Crypto-Asset Task Force (informal working group acting as a preparatory group for FISC meetings), ESMA
- Financial Innovation Network, IOSCO
- AIFMD Review Working Group (Alternative Investment Fund Managers Directive)
- ELTIF Review Working Group (European Long-Term Investment Fund)
- Joint Committee Subcommittee DORA (Digital Operational Resilience Act)
- Sustainable Finance Knowledge Hub

### 3.2.3.3 Interdepartmental Projects and Support to Other Departments

The Department actively participated in a number of interdepartmental projects throughout the year, providing among other things, policy advice and opinions, preparing positions, comments, responses and queries.

### 3.2.3.4 Other operations

#### Management of queries submitted to the Department

The Department's daily operations include managing queries submitted electronically by interested parties and participation in meetings and training sessions.

During 2024, the Policy Department responded to 21 queries. The most frequently asked queries concerned the following topics:

Topic	No. of Queries
Cyprus Investment Firms (CIFs)	3
MiCA Regulation – Cryptocurrency	8
New rules for digital customer identification	2
Regulatory Sandbox/Innovation Hub	4
Investment Funds	1
Other	3

#### Participation in training programmes/ conferences

Participation of colleagues from the Department in training programmes of the EU Supervisory Digital Finance Academy (EU-SDFA) as well as in the 8th Annual Fintech Week in Washington (International Conference on Fintech Policy Issues).

#### Participation in Financial Literacy lectures

Participation of a colleague from the Department in educational lectures at schools, which are part of CySEC's strategy to promote financial literacy on the occasion of the global campaign held during the World Investor Week 2024.

### 3.3 Legal Department

*“The legislative framework, which is subject to the Commission’s supervision, is a key pillar for maintaining stability and transparency in the market. The Legal Department, whose ongoing objective is strengthening and adapting this framework, works towards its continuous improvement and updating, in full compliance with European Directives and contemporary developments.*

*Our main goal remains to align the framework with the real needs of the market, enhancing efficiency and strengthening confidence in the financial system”.*

#### **Elena Michaelidou**

Head of Legal Department

#### 3.3.1 Duties / Competencies

The Legal Department plays a key role in monitoring current and emerging legislation governing the capital market. In this context, it actively contributes to the drafting of bills and directives, the preparation and submission of documented proposals for the amendment of existing legislation, and the modernisation of the regulatory framework, with a view to ensuring effectiveness and compatibility with international developments and the needs of the financial sector.

In addition, it oversees the transposition of European legislative acts into national law, ensuring full compliance with the obligations arising from European Union law.

The Legal Department represents CySEC in the Parliamentary Committees of the House of Representatives, submitting comments and recommendations, where necessary, on issues falling within CySEC’s remit.

At the same time, the department coordinates and cooperates with the Commission’s external legal advisers for the provision of legal support and manages pending cases before the Courts. It is also responsible for preparing and publishing notices relating to Court decisions in which the Commission is a party.

Furthermore, the department provides secretarial support to the Board for meetings, undertaking tasks that include preparing the agenda, keeping minutes and issuing announcements of the Board’s decisions to inform the public.

In addition, the Department represents the Commission in the Unit for the Implementation of Sanctions in the Financial Sector, which is responsible for assessing requests related to restrictive measures arising from UN Security Council Resolutions and/ or European Union Regulations.

At the same time, the Legal Department provides internal legal support to the Commission (internal opinions to other departments of the organisation, review of documents) and prepares responses to legal queries submitted to the Commission.

#### 3.3.2 Objectives for 2025

In 2025, the Legal Department intends to make improvements to the institutional framework by promoting the following:

- (a) A bill to amend the Law on the Alternative Investment Funds with regard to AIFs established in the form of limited partnerships. The purpose of the amendment is to ensure that the external manager of an AIF/ AIFM/ RAIF in the form of a limited partnership is not required to perform the duties of a general partner.

- (b) Commission Directive setting out the fees and contributions payable by financial entities supervised by the Commission in the context of the application of Regulation (EU) 2022/ 2554 on Digital Operational Resilience for the financial sector (DORA).
- (c) Commission Directive setting out the fees and charges for the implementation of Regulation (EU) 2023/ 2631 on European green bonds and voluntary disclosures for bonds marketed as environmentally sustainable and sustainability-linked bonds (green bonds).
- (d) Commission Directive for the purposes of implementing Regulation (EU) No 2022/ 858 on a pilot regime for market infrastructures based on distributed ledger technology, and in particular to regulate the procedure for applying for a specific licence to operate a DLT market infrastructure, the submission of notification and the setting of fees and subscriptions.
- (e) Framework for the initiation of a CIF liquidation procedure by CySEC.
- (f) Commission Directive specifying the languages accepted by the Commission for the drafting of a prospectus and the distribution of the summary note in the Republic under Article 27 of Regulation (EU) 2017/ 1129.

In addition, the Legal Department aims to actively assist in promoting the necessary legislative regulations with a view of timely and proper harmonisation with European law such as the following:

- (i) Directive (EU) 2023/ 2864 on the establishment and operation of the European Single Access Point (ESAP) and
- (ii) Directive (EU) 2024/1619 amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches and environmental, social and governance risks (CRD VI)

### 3.3.3. The Department's Operations in 2024

#### 3.3.3.1 Upgrade of the Institutional Framework

##### The Provision of Participatory Financing Services for Businesses Law of 2024 (Crowdfunding) (L123(1)/2024)

CySEC, in collaboration with the Ministry of Finance, promoted a bill foreseeing a more effective implementation of Regulation (EU) 2020/1503 on European Crowdfunding Service Providers for Businesses.

The bill has been passed by the House of Representatives and published in the Official Gazette of the Republic as L.123(I)/ 2024 on 8.11.2024. Among other things, the law provides for the responsibility of the persons in charge of the key investor information document (and at platform level), the supervisory powers of the Commission, administrative sanctions/ measures and offences, as well as the publication of decisions taken.

Informatively, Regulation (EU) 2020/1503 entered into force on 10 November 2021 and establishes uniform requirements for the provision of participatory financing services, the operation, organisation, licensing and supervision of providers of such services as well as requirements for transparency and advertising communications in relation to the provision of such services in the European Union. This Regulation applies to crowdfunding offers up to €5,000,000.

##### The Investment Services and Activities and Regulated Markets Law (L.87(I)/2017)

Law 96(I)/2024 was published in the Official Gazette of the Republic on 26 July 2024, amending Law 87(I)/2017, for the purposes of better harmonisation with Article 1(3) of Directive 2019/2177 (ESA Directive).

The amendment to Article 23(2)(a) of Law 87(I)/2017 clarifies that CySEC is the competent authority for the

authorisation and supervision of approved reporting mechanisms (ARMs), which due to their limited importance for the internal market, are not supervised by ESMA.

### The Prevention and Suppression of Money Laundering Activities Law (L.188(I)/2007)

CySEC participated in the sessions of the Standing Committee on Energy, Trade, Industry and Tourism of the House of Representatives to discuss a bill proposing, among other things, to reduce the financial burden in the event of failure to provide information for registration in the Central Register of Beneficial Owners of Companies and other Legal Entities, the Central Register of Beneficial Owners of Legal Entities and in the Register of Express Trusts and Similar Legal Arrangements. During its participation, the Commission offered comments.

The draft bill was passed by the House of Representatives and published in the Official Gazette of the Republic as Law 141(I)/2024 on 6.12.2024. Under the new framework, the financial penalty for failure to provide information for registration in each Register has been reduced. In particular, amendment to Article 61C(9)(a)(iv) of Law 188(I)/2007 is relevant to the Central Register of Beneficial Owners of Legal Entities.

In addition, CySEC participated in meetings of the Standing Committee on Institutions, Values and Administration of the House of Representatives to discuss a bill seeking to amend the Law 188(I)/2007, with the aim of prohibiting persons who trade in goods or provide services from receiving or making payments in cash in excess of €10,000.

The bill, on which the Commission provided comments during the debate before the Standing Committee, was passed by the House of Representatives and published in the Official Gazette of the Republic as Law 172(I)/2024 on 31 December 2024.

### Directive 2024 on the Prevention and Suppression of Money Laundering (Amendment)

The Legal Department prepared the amending Directive, which aimed to improve the existing framework for due diligence by obliged entities, enhancing the flexibility and practicality of its implementation. In particular, the terms “identity card” and “passport” were replaced by the more general term “identification documents”, taking into account the diversity of documents issued internationally. In addition, the amending Directive removed the reference to approved or registered electronic databases by the Commissioner for the Protection of Personal Data, as this was not provided for in practice. At the same time, it allowed obliged entities, in cases of increased due diligence measures for remote customers, to choose the appropriate electronic identification method, informing the Commission in advance. Finally, the process of confirming a residential address within the Republic was simplified, allowing for the acceptance of a copy of a utility bill and confirmation of its authenticity by electronic means.

The Directive was published in the Official Gazette of the Republic on 5.8.2024 as RAA 282/2024.

### Directive DI 73-2009-03 of the Cyprus Securities and Exchange Commission for the Pan-European Personal Pension Product (PEPP)

The Legal Department has prepared a Directive in the context of the implementation of Regulation (EU) No. 2019/1238 on the establishment of a pan-European Personal Pension Product (PEPP), in order to regulate the application process for the registration, production, and distribution of PEPPs, the submission of notifications, the revocation of PEPP distribution licences, as well as the relevant fees and subscriptions.

The Directive entitled “Directive DI 73-2009-03 of the Cyprus Securities and Exchange Commission on the Pan-European Personal Pension Product (PEPP)” was published on the Official Gazette of the Republic on 6.12.2024, as RAA 410/2024.

### 3.3.3.2 Promoting New Legislation

#### Law on the Regulation of Undertakings for Collective Investment Management Companies and Relevant Matters Law (Bill)

CySEC participates in the sessions of the Standing Committee on Financial and Budgetary Affairs of the House of Representatives to discuss the “Regulation of Undertakings for Collective Investment Management Companies and Relevant Matters Law”.

The bill regulates the operation of Undertakings for Collective Investment (UCI) Management Companies, which will be supervised by the Commission and in particular:

- (a) the conditions for granting operating licences to UCI Management Companies, their organisation and operation,
- (b) the execution of administrative functions by UCI Management Companies, as well as the outsourcing of such functions,
- (c) supervision by the UCI Management Companies Commission, as well as cooperation between the Commission and other competent supervisory authorities for the purposes of enforcing the law.

The following are exempt from the application of the bill:

- (a) UCITS managers of the Republic,
- (b) AIFMs of the Republic

in relation to the performance of management operations by or in the Republic following a relevant mandate from a client in accordance with the applicable mandate legislation.

The bill is expected to be voted on in 2025.

#### Directive 2022/2556 on digital resilience for the financial sector

To harmonise national legislation with Directive (EU) 2022/2556, the Commission is working with the Ministry of Finance to promote draft bills amending the following laws:

- a. The Investment Services and Activities and Regulated Markets Law, for harmonisation with Article 6 of Directive (EU) 2022/2556
- b. The Open-Ended Undertakings for Collective Investment Law for harmonisation with Article 1 of Directive (EU) 2022/2556.
- c. The Alternative Investment Fund Managers Law for harmonisation with Article 3 of Directive (EU) 2022/2556.
- d. The Law on the capital adequacy of investment firms (IFs) for harmonisation with Article 4 of Directive (EU) 2022/2556.

With the new regulations being promoted, the AIFMs of the Republic, UCITS Management companies and CIFs will now be required to have internal control mechanisms and processes regarding the network and information systems that have been set up and are managed in accordance with the DORA Regulation.

To promote the above bills in 2024, CySEC participated in sessions of the Standing Committee on Financial and Budgetary Affairs of the House of Representatives to discuss them. The bills are expected to be voted on in 2025.

#### The Investment Services and Activities and Regulated Markets Law (L. 87(I)/2017)

In relation to the framework governing investment firms, CySEC prepared an amendment to L.87(I)/2017 for its harmonisation with Article 1 of Directive (EU) 2024/790 amending Directive 2014/65/EU (MiFID II) on

markets in financial instruments. The purpose of this amendment is to improve and simplify the framework for transparency in financial instrument markets.

The relevant bill is before the Ministry of Finance, which is taking steps to further promote it.

#### The Transparency Requirements (Transferable Securities Admitted to Trading on a Regulated Market) Law (L.190(I)/2007)

CySEC in collaboration with the Ministry of Finance, is promoting a bill for harmonisation with the following Directives:

- (a) Article 2 of Directive (EU) 2022/246, concerning the submission of sustainability reports by companies. The proposed amendments will ensure that management reports, which form part of the issuer's annual financial report, are accompanied by a sustainability report, where applicable.
- (b) Article 2 of Directive (EU) 2021/337 amending Directive (EU) 2017/1129 as regards the EU Recovery newsletter and targeted adjustments for financial intermediaries and Directive 2004/109/EC as regards the use of single electronic reporting format for annual financial reports, with a view to supporting the financial recovery from the COVID-19 crisis. The purpose of the amendment is to explicitly provide for the obligation to prepare the issuer's annual financial report in a single electronic reporting format.

The bill is part of a package of bills that includes bills seeking to amend the Companies Law and the Auditors Law, with the aim of full harmonisation with Directive (EU) 2022/ 2464. The debate in the House of Representatives and the voting on all relevant bills is expected to take place in 2025.

In addition, CySEC is promoting a bill for further amending the Law 190(I)/2007 in order to:

- (a) Replace references in Law 190(I)/2007 to laws/ European Directives that have been repealed, with those currently in force
- (b) Amend Law 190(I)/2007 to provide for the issuer's requirement to submit to the Commission "inside information" in accordance with Regulation (EU) No 596/2014.
- (c) Clarify in Law 190(I)/2007 that the obligation to disclose the acquisition/ disposal of own shares only applies to "share issuers" that are admitted to trading on a regulated market.
- (d) The financial strength of a legal entity taken into account by the Commission in determining the type and level of administrative sanctions/ measures to be imposed on it under Law 190(I)/2007 should not be solely determined by the total turnover of the person responsible for the infringement.

#### The Prevention and Suppression of Money Laundering Activities Law (L.188(I)/2007)

The Legal Department prepared a draft bill to amend the L.188(I)/2007, to better implement articles 28.2, 29, 30 and 38 of Regulation (EU) 2023/1113 (TFR) and to ensure a smoother harmonisation with Article 14.1 of Directive (EU) 2015/849.

In particular, for the purposes of better implementation of Articles 28.2, 29, 30 and 38 of Regulation (EU) 2023/1113, the bill includes the following:

1. The definitions of "CASPs" and "crypto-assets" are replaced and redefined on the basis of the provisions of Regulation (EU) 2023/1114 on crypto-asset markets.
2. "CASPs" are classified as "financial institutions" and are therefore removed from the category of "Obligated Entities".
3. The "crypto-asset service" is defined in the law on the basis of the provisions of Regulation (EU) 2023/1114 on crypto-asset markets.

4. Additional due diligence requirements and risk mitigation measures are specified in relation to:
  - transfers of crypto assets addressed to a self-hosted address and
  - Cross-border correspondent relationships involving the execution of crypto-asset services with a customer entity not established in the EU, when entering into a business relationship with such an entity.
5. The infringements resulting from the application of Regulation (EU) 2023/1113 are defined.
6. The measures/ sanctions that may be imposed by the competent Supervisory Authority in the event of non-compliance with the Law are extended to include non-compliance with the provisions of Regulation (EU) 2023/1113.

The bill also proposes an amendment to the definition of “similar legal arrangement” so that similar legal arrangements are not considered, as is currently the case, but only consider those included in the relevant list published by the European Commission pursuant to Article 31(10) of Directive (EU) 2015/849. The definition should be broader and cover similar legal arrangements in general (including those created outside the EU), as referred to in Article 14(1) of Directive (EU) 2015/849.

The relevant bill is currently before the Ministry of Finance, which is taking steps to further promote it. The bill is expected to be voted on in 2025.

#### The Reporting of Violations Law (bill)

CySEC is actively contributing to the promotion of a bill outlining the mechanisms to enable the submission of complaints/ reports by any person to the Commission regarding the infringement or the possible infringement or the intention of infringement of Regulation (EU) No. 596/2014 on market abuse. In particular, the bill establishes rules governing the procedures referred to in Article 32(1) of Regulation (EU) No. 596/2014 and specifically, among other things, regulates the receipt of reports of infringements by the Commission, specific communication channels, procedures and follow-up of reports by the Commission, the keeping of records of reports received and protection measures for whistle-blowers.

The bill in question is being promoted in the context of harmonisation with Executive Directive (EU) 2015/2392 regarding the reporting of actual or potential infringements of Regulation (EU) No 596/2014 to the competent authorities.

#### The Cyprus Securities and Exchange Commission Law (L.73(I)/2009)

CySEC is promoting an amendment to the Cyprus Securities and Exchange Commission Law, which clarifies that administrative fines and administrative measures, as well as settlements are considered administrative sanctions.

#### 3.3.3.3 EU Regulations

Regulation (EU) 2023/2859 establishing a European single access point providing centralised access to publicly available information of relevance to financial services, capital markets and sustainability (ESAP Regulation)

The Regulation (EU) 2023/2859 was issued on 13.12.2023, which provides for the establishment of a European Single Access Point (ESAP). ESAP is a centralised data repository that seeks to provide easy access to information on entities and their products related to financial services, capital markets and sustainability.

Directive (EU) 2023/2864, for the establishment and functioning of ESAP, amends certain EU Directives in order to enable access to information in ESAP.

The legislations mentioned above are a big step towards ensuring transparency and enhancing investors' access to key information, promoting the functioning of the Single Market and the more effective allocation of capital.

In the context of harmonisation with Directive (EU) 2023/2864, the Legal Department is preparing bills to amend the following legislation under the supervision of the Commission, in order to transpose the provisions relating to ESAP into national law:

- a. The Takeover Bids Law,
- b. The Transparency Requirements (Securities Admitted to Trading on a Regulated Market) Law,
- c. The Encouragement of Long-Term Shareholder Engagement Law,
- d. The Open-Ended Undertakings for Collective Investment (UCI) Law,
- e. The Capital Adequacy of Investment Firms Law,
- f. The Investment Services and Activities and Regulated Markets Law,
- g. The Prudential Supervision of Investment Firms Law.

The bills are expected to be forwarded to the Ministry of Finance in 2025 to be further promoted, with the aim of ensuring a smooth transition to the new system.

### Regulation (EU) 2023/1114 on Markets in Crypto-Assets (MiCA)

The Regulation (EU) 2023/ 1114 of the European Parliament and the Council of the EU on markets in crypto-assets (MiCA) was enforced on 30.12.2023. The Regulation (known as the MiCA Regulation – Markets in Crypto-Assets) establishes a single legal framework for the provision of services related to crypto-assets within the EU, with the aim of enhancing investor protection and ensuring financial stability.

CySEC, through a Ministry Notification which was published in the Official Gazette of the Republic on 13/9/2024 as RAA 310/2024, was named the competent authority for exercising the powers and performing the duties provided for in Regulation (EU) 2023/1114 for regulated entities subject to its supervision.

In the context of the effective implementation of Regulation (EU) 2023/1114, CySEC proceeded with the preparation of a draft bill, which was submitted to the Ministry of Finance for further action. The bill is expected to be promoted in 2025.

Furthermore, in the context of the implementation of Regulation (EU) 2023/1114, the Legal Department prepared a Directive entitled “Directive DI 73-2009-04 of the Cyprus Securities and Exchange Commission on Crypto-Asset Markets (Fees and Subscriptions) of 2024”, which was published in the Official Gazette of the Republic on 13.12.2024 as RAA 415/2024. This Directive regulates, in a concise and succinct manner, the annual subscription and fees payable to the Commission for the submission of applications, notifications and disclosures, which shall be paid by persons falling under Titles I, II, III and V of Regulation (EU) 2023/1114.

### 3.3.4 Participation in Meetings of the Standing Committees of the House of Representatives

In 2024, the Legal Department, on behalf of the Commission, took part in a number of meetings of the Standing Committees of the House of Representatives, upon an invitation, to discuss bills connected with the Commission's supervisory responsibilities or the financial sector in general.

### 3.3.5 Court Decisions

In 2024, court judgements on the following appeals in which the Commission was a party were issued, while the Legal Department posted relevant announcements on the Commission's website:

- Appeal No. 130/2018,
- Appeal 146/2021,
- Appeal No. 99/2022,
- Appeal No. 7/2019,
- Application No. 1044/2017,
- Joint Applications No. 1833/2017 and 1834/2017,
- Joint Applications No. 1055/2014, 1100/2014, 1108/2014 and 1109/2014,
- Joint Applications No. 1050/2014, 1051/2014, 1069/2014, 1070/2014, 1071/2014, 1072/2014, 1073/2014, 1074/2014 and 1075/2014,
- Joint Applications No. 1689/2017, 175/2018, 201/2018, 206/2018, 216/2018 and 217/2018.
- Application 423/2014 (retrial)

### 3.3.6 Training Seminars – Conferences

A key priority for the Legal Department is ongoing training and keeping up to date with developments in all relevant areas of law. The commitment to lifelong learning enhances the Department's ability to respond adequately and accurately to the ever-increasing demands of the regulatory environment. The continuous upgrading of staff knowledge and skills enables the Department to make a substantial contribution to the formulation and adoption of modern, targeted and legally substantiated arrangements that are in line with national and European developments as well as with best international practices.

Therefore, in 2024, Legal Department officials attended training seminars and workshops on the following topics:

- The Markets in Crypto-Assets Regulation
- MiCA Regulation and Crypto-Assets Policy
- AIFMD Transposition Workshop (Brussels) – Ad hoc Expert Group of the European Securities Committee (EGESC) of the European Commission
- Five Important Pillars for AML Compliance
- The establishment of the Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA)
- Digital Transformation in Finance: Regulatory Overview, Distributed Ledger Technology and Understanding Token Offerings
- Annual Conference on AML and financial compliance in the EU.

#### 3.3.3.4 Communication with Regulated entities/ Investors/ Stakeholders

In 2024, the Legal Department received and responded to a number of queries from market participants, which mainly focused on issues relating to the Investment Services and Activities with Financial Instruments Law, the Prevention and Suppression of Money Laundering Activities Law, and collective investment legislation.

### 3.4 Strategy, International Relations and Communications Department

“Our Department is called upon, through CySEC’s strategic planning, to carve out the entire Commission’s direction, ensuring that all personnel have clear targets and that their actions are in line with its vision and mission. At the same time, as the degree of interconnectedness and interdependence of international capital markets increases, the role of International Relations is heightened and takes on a leading role, both in terms of jointly formulating the regulations that govern financial activity along with other Supervisors, as well as in supervising entities with an ever-increasing geographical scope. In this highly internationalised environment, our Department is also responsible – above all – for ensuring that CySEC’s work is properly communicated to all stakeholders and audiences, including the broader public, whose financial education – also among the Department’s responsibilities – is proving to be a substantive contributor to its protection, acting as a supplement to supervision.”

#### **Liana Ioannidou**

Head of the Strategy, International Relations and Communications Department

#### 3.4.1 Duties / Competencies

The Strategy, International Relations and Communications Department has a vital role in CySEC’s operation and reflects its public image, on a local as well as European and international level. The department’s responsibilities have increased significantly over the past few years, mainly as a result of the securities market’s growth and the internationalised nature of CySEC-regulated entities.

The Department is divided into three sub-departments: a) Strategy, b) International Relations and c) Communications. It is responsible for CySEC’s strategic planning, its international relations, internal and external strategic communication, and promoting CySEC’s work, as well as educating the public on matters relating to the securities market.

Moreover, it is responsible for providing support to CySEC’s Chairman and Vice-Chairman, as well as to the Commission’s other departments, on the matters mentioned above.

#### 3.4.2 Objectives for 2025

In 2025, the Department will continue to oversee and update CySEC’s strategic planning through a new framework, which is currently under development. As part of exercising CySEC’s supervisory role, special emphasis will be placed upon the continuation and deepening of its cooperation with its foreign counterparts, as well as on applying to become a signatory of the IOSCO Enhanced Multilateral Memorandum of Understanding.

Moreover, the Department’s supportive and coordinating role in ESMA matters is high on its list of priorities. The Department will continue its multifaceted work in educating the public on key aspects of financial literacy through new initiatives and collaborations. Furthermore, the Department will continue to communicate and promote CySEC’s work and role, through a series of actions, publications in the media and social media posts, as well as through the participation of CySEC’s representatives in conferences and other events on matters relevant to the sector.

The active organisation of social responsibility actions will also continue unabated with the participation of CySEC’s staff, boosting the Commission’s social role.

### 3.4.3 The Department's operations

#### 3.4.3.1 Strategy

##### Strategic Planning

CySEC implements a multiannual strategic plan for the major projects it takes on, with its Vision, Mission, Values and Strategic Goals in mind. The strategic planning includes the preparation of a three-year Strategic Plan updated in a way that reflects the progress achieved in various projects, as well as the addition of new projects, depending on developments.

The preparation of a robust Strategic Plan, which is a responsibility of the Strategy, International Relations and Communications Department, is of vital importance for the Commission. It is a map that shows the growth of the Commission itself and its environment. On the one hand, it offers the Commission's individual departments and working groups the chance to outline future projects that will add value to their own operations and work (and hence the Commission's), and on the other hand, it aligns all interested parties with the strategic priorities.

The Strategic Plan is prepared following a review of the Cypriot securities market's needs and data, with a view to direct the daily operations and big projects that are being implemented under CySEC's remit.

In December 2024, a 2-day training workshop entitled **"Strategic Administration: Vision, Mission, Values & Strategic Goals"** took place. The initiative's goal was to reassess and modernize CySEC's Vision, Mission, Values and Strategic Goals, focusing on strategic administration and development.

Attending the workshop were members of senior management, Department Heads, Officers A', and Officers responsible for implementing CySEC's strategy.

The workshop's main objective was to improve strategic management skills, guide the organisational course and enhance the Commission's managerial executives' leadership role. In a constantly changing environment characterised by the speed of technological progress and the growing demand for transparency and effective supervision, strong strategic guidance is crucial.

Through interactive activities, discussions and case study analyses, participants had the opportunity to evaluate and redefine CySEC's strategic courses. The workshop focused on formulating a modern and adaptive strategic framework, able to respond to challenges and opportunities in the Capital Market Sector.

This initiative is yet another step towards fulfilling CySEC's commitment to continuous improvement, enhancing transparency and promoting effectiveness.

At the same time, it provides executives with the necessary tools to meet the demands of a dynamic and evolving economic and technological environment, reinforcing CySEC's supervisory role.

##### Managing CySEC's public image

The Department is responsible for the correct and fair promotion of CySEC's work, strategy-wise, and makes recommendations to CySEC's chairmanship, which contribute to the securities market's growth and progress, and to attracting new sound and robust financial organisations. Furthermore, it seeks out and explores new ways of showcasing CySEC's work. In 2024, the Department managed a number of such issues.

##### Informing and communicating with the decision-making centers

The Department facilitates communication with state officials, various organisations and stakeholders, with the aim of upgrading and modernising CySEC's operation, as well as developing and progressing the securities market, and attracting new sound and robust financial organisations. In 2024, the Department prepared a number of documents and letters on such matters.

### 3.4.3.2 International Relations

One of the International Relations team's main responsibilities is handling requests from and to Supervisory Authorities in Cyprus and abroad. Additionally, the International Relations Team executes a wide range of other tasks, including, among others, the internal coordination on ESMA-related matters, the participation in ESMA BoS meetings, the organisation of official meetings of European and International Organisations in Cyprus, the participation and arrangement of meetings with counterparts and stakeholders to enhance cooperation and CySEC's image, the cooperation with governmental departments, relevant organisations and bodies and other competent Supervisory Authorities in Cyprus' financial sector, and CySEC's representation in various organisations and committees.

#### Providing Assistance and Exchange of Information

Given that cross border cooperation and exchange of information between supervisory authorities is very important and necessary when it comes to executing its supervisory role, as enacted by European Directives and Regulations, CySEC attaches great significance to its cooperation with the supervisory authorities of other countries. In 2024, the International Relations team closely collaborated with counterpart supervisory authorities from other EU member states and third countries and handled requests for two-way assistance and exchange of information. In 2024, there were 422 incoming requests relating to 495 cases as well as 339 outgoing requests.

#### Using New Technologies and Digital Tools

In 2024, the International Relations team began using, on a pilot basis, the RPA (Robotic Process Automation) system – a technology which uses software robots to automate repetitive tasks by users, as well as tasks based on rules defined by humans (users). The RPA system will be implemented by the International Relations Team in the range of tasks related to Outgoing Requests to Foreign Supervisory Authorities.

#### Improving/Updating Department processes to continuously improve the Department's quality and quantity of work

In 2024, the International Relations team evaluated the existing procedures and updated its Procedures Manual, based on various ESMA studies, as well as the handbook issued by IOSCO in October 2024 (IOSCO Compliance Handbook). Furthermore, it continues to examine and revise procedures in the context of the new study on European Regulations officially implemented in 2024, or those expected to be implemented in 2025, adopting a proactive approach, aiming to continuously improve the quality and quantity of its work. In this context, it is worth noting that the International Relations team participated in internal meetings for the Mapping and recording of the role of International Relations in implementing new legislation (i.e. DLT Pilot Regime, DORA).

#### Organisation of Official Meetings of European and International Organisations in Cyprus

The International Relations team undertook the organisation and hosting of important high-level meetings such as:

##### [IOSCO ERC meeting on 30 January 2025](#)

Through its International Relations team, CySEC organised and coordinated the plenary meeting of the IOSCO European Regional Committee – a meeting of particular regional/international importance. The plenum consists of 52 permanent members and is one of four of IOSCO's regional committees, dealing with capital market matters in the wider European area.

##### [ESMA Management Board and BoS meetings in the context of EU Council Presidency in the first half of 2026, in Cyprus](#)

The International Relations team has begun preparations for these meetings.

Participation and contribution in arranging meetings with counterparts and stakeholders to improve CySEC's image

#### CySEC meeting with the Central Bank of Latvia

The International Relations team organised and coordinated a meeting between CySEC and the Central Bank of Latvia, which took place on 26 April 2024, at CySEC's headquarters in Nicosia.

The working-level meeting focused on matters related to money laundering and tackling terrorist financing, while the two authorities exchanged practices and experiences regarding licensing, supervision and risk assessment for their regulated entities.

Representing CySEC at the meeting were the AML-CFT, Authorisations, and Risk Management and Statistics Departments, while the Central Bank of Latvia, was represented by officers of the respective AML-CFT department.

#### Coordination on ESMA matters

##### i. Supporting role in the Board of Supervisors

CySEC is represented at the ESMA Board of Supervisors by its Chairman. In 2024, the Board of Supervisors held eight meetings to discuss important matters that affect EU securities markets. The International Relations team provides support to the Chairman and participated in ESMA BoS meetings, recording the decisions/actions, while also suggesting relevant actions. Additionally, the International Relations team contributes to the ESMA BoS meetings preparations.

##### ii. Coordinating role on matters of written procedures and ESMA Guidelines

The decisions of the Board of Supervisors can also be made through a written procedure, where the members of the Board are called to indicate either their approval, rejection or abstention. The International Relations subdivision assumes a coordinating role, consulting with the competent individuals as appropriate, to provide support and advice to the Chairman on the position he intends on maintaining during the written procedure.

From time to time, ESMA issues Guidelines, expressing its own opinion in relation to best practices, and on their part, the National Supervisory Authorities commit to comply with the Guidelines within two months from the date of publication. The International Relations team has assumed a coordinating role and informs ESMA on CySEC's commitment to comply with any new Guidelines.



## iii. ESMA evaluation

CySEC takes part in Peer Reviews between Supervisory Authorities, and in self-assessment exercises to inspect the implementation of supervisory standards, and the promotion of best practices.

## iv. Participation in International Assessments and Questionnaires

It should be noted that CySEC contributes to Cyprus' assessments by International Institutions, such as the European Council's Moneyval Committee in the fight against money laundering.

## v. Providing Support for the Chairman/Vice-Chairman Candidacies in various Committees

In 2024, CySEC's Chairman Dr George Theocharides was re-appointed as Chairman of the Risk Standing Committee (RSC). The RSC is part of the European Securities and Markets Authority (ESMA), succeeding the Committee for Economic and Markets Analysis (CEMA). The Chairman's term began on 1 January 2023 and was renewed in December 2024 until 31 December 2026.

### Signing of protocols and memoranda of understanding

The signing of Memoranda of Understanding and Cooperation, between CySEC and the competent Supervisory Authorities or other foreign organisations creates a framework and procedures for close cross-border cooperation, which facilitates the exchange of information between the parties to ensure better oversight of transactions and activities in the securities markets sector. At the same time, a framework is created to promote the exchange of experience, know-how and best practices, which will help broaden and strengthen supervisory procedures and practices. Moreover, these Memoranda of Understanding affirm the mutual spirit of cooperation between the Supervisory Authorities and other foreign organisations, as well as the extroversion of our economies, thus contributing towards increasing the productive business ties between Cyprus and other countries.

#### i. Update of the cooperation memorandum between the financial sector's Supervisory Authorities

Through its International Relations team, CySEC has taken the relevant steps and assumed an active role in restarting negotiations with the Central Bank of Cyprus, the Insurance Companies Control Service and the Registrar of Occupational Retirement Benefit Funds, aiming to update the Memorandum of Cooperation signed on 10 November 2003, as it constitutes the foundation for an effective cooperation. This updated Memorandum is currently in its final stages.

#### ii. Memorandum of Understanding with Vanuatu's Supervisory Authority

In 2024, CySEC contacted Vanuatu's Supervisory Authority ("VFSC") expressing its willingness to sign a bilateral Memorandum of Understanding.

#### iii. Memorandum of Understanding with Brazil's Supervisory Authority

In 2024, CySEC began negotiations to sign a bilateral Memorandum of Understanding with Brazil's Supervisory Authority, the Comissão de Valores Mobiliários («CVM»).

### Participation in the IOSCO Organisation / Representing CySEC abroad

In 2024, members of the International Relations team represented CySEC, or had a supporting role in meetings of standing committees/working groups as well as top-level ESMA and IOSCO meetings, such as ESMA BoS, IOSCO ERC, IOSCO GEMC, and IOSCO MG. In 2024, an International Relations Department Officer represented CySEC at the Annual IOSCO Conference which took place in Athens, between 25 and 28 May 2024, accompanying the Chairman and Vice-Chairman at the IOSCO European Regional Committee meeting on 18 September 2024, at Saint Peter Port, Guernsey.

### Participation in the Mediterranean Partnership of Securities Regulators

On 27 November 2018, CySEC joined the Mediterranean Partnership of Securities Regulators (MPSR), which was

formed in 2009 and consists of the Market Regulatory Authorities of Cyprus, Greece, Italy, Spain, Portugal, Algeria, Egypt, Morocco, Tunisia, and Turkey. Specifically, the Partnership's goal is to strengthen cooperation between its members, in order to facilitate cross-border investments by, in turn, strengthening the alignment of the processes and procedures adopted in the implementation of IOSCO's Objectives and Principles of Securities Regulation.

In 2024, an Officer from the International Relations team represented CySEC at the MPSR meeting which took place in Athens, in the context of the IOSCO Annual Meeting in May 2024, also accompanying CySEC's Chairman at the following meeting, in Spain, on 7 October.

### Contribution to International and European Assessments

#### • Self-Assessment on IOSCO's 8 New Principles

As part of CySEC's strategic goal to improve the regulatory and supervisory framework governing the Cypriot securities market, CySEC completed the IOSCO online self-Assessment Questionnaire on IOSCO's 8 New Principles.

### Local Cooperation

CySEC closely cooperates with all the Supervisory Authorities of the financial sector and other Authorities within Cyprus. This ensures the smooth cooperation, exchange of information and provision of assistance, while facilitating the exercise of duties and responsibilities between national Supervisory Authorities.

The International Relations team is also responsible for the negotiation and drawing up of Memoranda of Understanding with Cyprus' competent Supervisory Authorities.

### Contribution to various other actions to improve cooperation and CySEC's image

#### • Fraudulent websites and scams

In the context of good cooperation and information sharing between Supervisory Authorities, CySEC proceeded to inform other Authorities when it identified any illegal entities and websites (through requests for unsolicited assistance), as explained above. At the same time, the organisation informed both ESMA and IOSCO when this was deemed necessary.

### 3.4.3.3 Promoting CySEC's work

#### Presentation of the national legislative and regulatory framework

As part of its role to develop the securities market, CySEC collaborates with the Cyprus Investment Promotion Agency (CIPA), supporting its effort to coordinate Cyprus' promotion abroad as a reliable investment destination. It also works with other governmental and non-governmental bodies.

Specifically, CySEC's Chairman and Vice-Chairman take part as speakers in important conferences held in Cyprus and abroad, presenting the regulatory and supervisory framework governing the Cypriot securities market.

Within 2024, a total of 59 speeches and presentations were prepared for a series of events held in Cyprus and abroad, with the participation of CySEC's Chairmanship. They focused on the institutional framework of the Cypriot securities market and other topics of interest for the sector's stakeholders.

Moreover, in many cases, informative material and statistical data were compiled and forwarded to public organisations and Authorities in Cyprus and abroad, to inform them about CySEC's work and activities.

### 3.4.3.4 Informing the Public and Other Interested Parties

With the aim of informing and protecting investors, as well as informing all other market stakeholders and the broader public, CySEC issued a significant number of Press Releases that were also uploaded on its website

and concerned, inter alia, developments on new legislative regulations or directives on the capital market, new investment products and the imposition of sanctions or other decisions by the CySEC Board.

Furthermore, announcements/warnings directed at investors were at times uploaded on CySEC's website and its social media accounts, urging them to be especially careful and always ensure that the company they are in contact with is licensed by CySEC to provide investment services within or from the Republic.

CySEC also issued warnings to investors to inform them that individuals were impersonating CySEC officers or representatives and contacting investors asking them to make payments to supposedly recover losses they suffered. CySEC used these warnings to remind investors that it never contacts investors or the public to ask for personal, financial or other information, nor does it have the authority to receive payments by private investors for any purpose, nor does it authorise anyone to do so on its behalf. CySEC is not involved in any way in class actions, compensation schemes, payments between natural or legal persons, public or private organisations.

In addition, a series of interviews and articles by CySEC's Chairman are published each year, with the aim of informing the public about the Commission's activities and work. Media representatives are also provided with statements and/or informative material. Specifically, in 2024, a total of 735 documents were prepared, including articles, interviews, statements, Press Releases, announcements and other information for the media.

#### 3.4.3.5 Work experience week

In 2024, a university student observed the operations of the Communications sub-department as part of her traineeship.

#### 3.4.3.6 Presentation of CySEC's annual work

In March 2025, a press conference was held at CySEC's offices, during which the Commission's Chairman presented CySEC's work in 2024, developments in the sector and objectives for 2025. The conference was attended by a significant number of financial reporters from various media, who provided extensive coverage of the event.



### 3.4.3.7 CySEC's website

In 2024, the Communications sub-department significantly contributed to differentiating and upgrading CySEC's website, both in terms of design and by editing its material. Additionally, the sub-department in cooperation with all of CySEC's departments, continued to review and edit the content material uploaded on CySEC's website. Specifically, during the year, it edited/proofread over 550 documents, including announcements, decisions, circulars, notices and others, which were then posted on CySEC's website. The Department also edited CySEC's statistical bulletins and other publications.

### 3.4.3.8 Strategically Important events

The Department is responsible for organising and coordinating all large and strategically important events of CySEC. As part of its competencies and the ties it needs to maintain with the market and primarily the entities it regulates, CySEC organises events aimed at informing them on the latest developments but also relaying CySEC's determination to continue its efforts to further develop the investment services sector and establish Cyprus as an international financial centre. In 2024, The Communications sub-department actively participated in CySEC events, offering communication support through its advisors and other communication practices, and by promoting them through Press Releases and further dissemination in the Media and social media platforms.

#### Event with the Chairwoman of the Hellenic Capital Market Commission

The Department in cooperation with the Chairman's Office organised and held a roundtable discussion with CySEC Chairman, Dr George Theocharides, and the Chairwoman of the Hellenic Capital Market Commission, Dr Vassiliki Lazarakou. During the discussion entitled "The legislative framework under consideration in the EU and the effect of technology on the investment sector", opinions on the imminent legislative developments and the challenges facing European markets were exchanged. Additionally, opportunities and challenges associated with adopting financial technologies and new ESG investments, including greenwashing, were pointed out, stressing the importance of the Supervisory Authorities' role in protecting investors.



#### Regulatory Sandbox Event

The Policy Department devoted time and significantly contributed to the organisation of the Regulatory Sandbox event. The Communications sub-department participated in the organisation of the



event, and in the preparation and editing of a special video on the Regulatory Sandbox, as well as other materials, such as press releases and announcements.

Additionally, the Communications sub-department provided communication support to two more events organised by the Internal Audit Unit, and the Risk Management and Statistics Departments.

### 3.4.3.9 Participation in Workgroups

Participation in “Preparation of a Competitiveness Study and Development of an Action Plan for the Effective Promotion of Services Abroad”

CySEC actively participated in the first round of deliberations under the auspices of the Ministry of Energy, Trade and Industry, which took place in the context of the “Preparation of a competitiveness study and development of an action plan for the effective promotion of services abroad” project. An Officer from the Communications sub-department submitted material and CySEC’s positions on the matter at the meetings that took place in this framework.

### Participation in the Communication Experts Meeting

An Officer from the Communications sub-department participated via online presence at the Communications Experts Meeting organised by ESMA at its Paris offices in June. During the hybrid meeting, communication topics which concern Supervisory Authorities were discussed, along with ways to further strengthen their cooperation in order to improve investor awareness and protection.

### 3.4.3.10 Social Media Campaigns

In 2024, CySEC conducted a number of Social Media campaigns on several important topics, such as fraud and scams, impersonations and scammers, and urged caution regarding crypto-assets. Some of the campaigns were in collaboration with ESMA and the competent Supervisory Authorities in other EU member-states. The Communications sub-department was responsible for their coordination, translation to Greek, and dissemination. The campaigns included photographs and social media posts on CySEC’s social media accounts on X, LinkedIn, Instagram and Facebook.

## EDUCATING THE PUBLIC

2024 was a year of intense activity for CySEC with regards to financial literacy education, with initiatives that covered different social strata and age-groups.

From its participation in International Campaigns, such as **Global Money Week (GMW2024)** and **World Investor Week (WIW2024)**, up to the new innovative initiative “**Financial Mistakes, Lessons for the Future**” and its contribution to the implementation of **Cyprus’ National Strategy for Financial Literacy and Education**, CySEC increased its efforts to shape a society which

is better-informed and more resilient to financial challenges.



CySEC's goal in the financial literacy sector in 2024 was to reach out to students, undergraduates, parents and investors through multifaceted campaigns and initiatives, and offer tools and knowledge for their safer navigation of the financial world.

With its continuous commitment to educational actions, CySEC plays a vital role in shaping a society that knows, recognises and avoids financial risks, setting the foundation for a sustainable financial future.

#### A. Global Money Week 2024 (GMW2024)



CySEC participated for the third consecutive year in the **Global Money Week**. This year's planning focused on addressing financial education among students and undergraduates.

The actions undertaken to promote financial literacy included the organisation of lectures at schools and universities, and an online campaign of daily social media posts offering advice. At the same time, CySEC collaborated with the Central Bank, the Ministry of Education and the Ministry of Finance to create educational material which was handed out to all schools across the country. Additionally, CySEC Officers appeared on television and radio shows to inform the public, while one CySEC Officer participated in the Junior Achievement's "Smart Spending" programme, approaching senior high-school students, offering financial management advice.

CySEC also supported Cyprus' first-ever participation in the International Economics Olympiad 2024, promoting financial education among young people through competitive challenges.

#### B. World Investor Week 2024 (WIW2024)

CySEC's participation in this year's **World Investor Week** was, also, very successful. The actions focused on:

1. Investors' protection from online risks, especially due to finfluencers.
2. The promotion of financial literacy among young people through collaborations with schools and parents.

To support these goals, CySEC published **two educational Guides**: one on the risks involved in social media and "finfluencers", and one aimed at helping parents and guardians with their children's financial education. The Guides included practical advice and activities which empower students and parents alike. CySEC has already shared these Guides with schools, parents' associations and collaborating bodies, aiming to reach all Cypriot families.

At the same time, CySEC offered daily advice on social media platforms, on matters such as sustainable investment, investor resilience, and prevention and protection from financial scams.

CySEC gave 17 lectures to schools, promoting the campaign's message to more than 800 students. The same message was also broadcasted via television and radio shows.

Additionally, CySEC promoted financial literacy and investor protection through a series of digital actions and collaborations, including a podcast along with the Cyprus Youth Board, and a webinar with the Financial





Wellbeing Institute. Moreover, one month before the campaign, CySEC **participated for the second time in a youth NGO festival**, organised by the Cyprus Youth Board. Through its booth, it engaged directly with families, children and young people highlighting the importance of financial literacy and distributing educational material.

Throughout the year, the Financial Education Hub on CySEC's website was enriched with new educational material, including investment guides, videos, articles, and financial management advice, offering access to useful information to the public.

### C. Financial Missteps – Lessons for the Future Campaign

This innovative initiative which was launched in June 2024, is a collaboration between CySEC and the University of Cyprus' Department of Accounting and Finance, aiming to collect real-life experiences of members of the public who made bad financial decisions. CySEC and the University of Cyprus will evaluate these stories to:

- Create educational material for schools and universities
- Raise public awareness on the importance of financial literacy
- Promote wiser, more responsible investment choices

Participants were called to share their experiences either anonymously or by name, offering a valuable learning experience for younger generations.



The collection of their stories through an online questionnaire created for this reason, was completed in early December and the goal is for the results to be published during the first three months of 2025.

#### D. Developments regarding Cyprus' National Strategy for the Promotion of Financial Literacy and Financial Education

An important step towards the implementation of the National Strategy for the Promotion of Financial Literacy and Education, was the involvement of the Commission, the Cyprus Financial Literacy and Education Committee (CyFLEC).

The National Strategy got on track to be implemented after the CyFLEC Board of Directors members' first meeting on 5 December 2023. In 2024 the BoD convened another four times to approve the budget and agree on the details regarding CyFLEC's governance, BoD composition, the staffing of organisational units, and the creation and formation of four Thematic Working Groups for the implementation of the strategic objectives.

A significant step was the signing of the Memorandum of Cooperation between the BoD members, according to which CyFLEC actively commenced the implementation of the National Strategy. CyFLEC's BoD comprises of the Governor of the Cyprus Central Bank, the Minister of Education, Sport and Youth, the Minister of Finance, and CySEC's Chairman. Also participating in the BoD are the Superintendent of Insurance and the Registrar of Occupational Retirement Benefit Funds.

In 2024, the first four meetings of the Thematic Work Groups took place, which immediately commenced their work. CySEC assumed the presidency of the Work Group on Strengthening the Use of Digital Products and Services, aiming to develop actions to promote digital financial skills and knowledge.



During the fourth, and final meeting of the BoD for the year, on 22 November 2024, the progress of the work carried out by the Thematic Work Groups, and other developments were evaluated, including the cooperation with OECD, which focuses on three main areas: the nationwide financial literacy survey, the results of which will be published soon, the creation of a national website to serve as a central platform for information and education, and a trainer education program through a comprehensive series of seminars and workshops to strengthen adults' financial literacy. These last two actions have already been assigned to specialised bodies through international tenders.



CyFLEC has made a dynamic start and will continue its efforts to implement the National Strategy, contributing to forming a society which is better-informed and resilient to financial challenges. Among other things, CyFLEC's approved 2025 budget includes awareness campaigns, educational workshops and the organisation of an International Conference.

### Corporate Social Responsibility Actions

Recognising the positive contribution that responsible voluntary initiatives of organised groups have in society, CySEC has included in its long-term strategy the promotion and support, in different ways, of social contribution activities by its staff. These initiatives form a part of an integrated program aimed at combining awareness, active support and employees' commitment to their social responsibilities.

To this end, staff members of the Strategy, International Relations and Communications Department undertake the proposal, organisation and coordination of CySEC's social responsibility actions. More information on the main initiatives implemented during the year can be found in the Corporate Social Responsibility (CSR) section.

### 3.5 Financial Services, Personnel and Training Department

*“The Financial Services, Personnel and Training Department provides significant support to CySEC on multiple levels. CySEC’s smooth operation depends on the Department’s work, particularly when it comes to compiling the Commission’s budget, public procurements, human resource management, certification matters, as well as other multifaceted issues. Our Department’s aim is to assist the Commission in achieving its strategic planning, providing it with all the necessary means”.*

#### **Costas Angastiniotis**

*Head of Financial, Personnel and Training Department*

#### **3.5.1 Duties / Competencies**

The duties of the Financial, Personnel and Training Department are divided into two pillars.

The first involves preparing the Commission’s budget, monitoring its revenue and controlling its expenditure, public tendering and procurement, managing equipment and building facilities, bookkeeping and keeping records of the personnel’s Provident Fund and Welfare Fund.

As for the second pillar, the Department’s competencies include human resource management and education. Specifically, among others, this includes ensuring compliance with Personnel Regulations, monitoring CySEC’s staff needs and filling vacancies, including new vacancies in the annual budget, promotions, managing secondment procedures, preparing circulars on various personnel matters, carrying out annual and interim assessments, implementing the group healthcare plan, as well as operating a specialized automated human resource management program.

As for personnel training, the Department is responsible for the organisation’s education policy, the organisation of seminars and educational programs depending on training needs, as well as organising seminars that are mainly addressed to individuals registered in the Public Register.

Furthermore, the Department is responsible for organising exams for the certification of individuals employed in IFs, Credit Institutions, Management Companies and Variable Capital Investment Companies, and for maintaining the Public Register of Certified Persons. In addition to the exams, the Department organises training seminars addressed to both certified individuals and CySEC’s staff.

#### **3.5.2 Objectives for 2025**

The Financial Services, Personnel and Training Department in cooperation with other CySEC departments, will continue to investigate changes to its pricing policy, which was initially implemented for CIFs. The preparation of the plan to change CySEC’s pricing policy was interrupted due to issues that arose in the economy, as a result of the pandemic.

To facilitate the preparation of consolidated financial statements of the Republic of Cyprus, CySEC will prepare its financial statements based on the International Public Sector Accounting Standards (IPSAS). This change will be implemented in 2025 for financial statements which end on 31/12/2024.

In 2025, a new recruitment process is expected to commence, depending on the positions that will be included in the Organisation’s 2025 budget. In addition, the filling of vacant promotion positions is also being planned this year, in order to support the Organisation’s hierarchical structure. Filling vacant appointment and promotion positions aims to meet CySEC’s organisational needs and strengthen its human resources.

The objective for 2025 and for the immediate future is to introduce new human resource management systems in areas such as performance evaluation and training. The digital transition will enhance the Department’s efficiency,

contribute to increased operational flexibility and help save valuable working time.

Strengthening CySEC's culture and promoting its values –transparency, collaboration and healthy communication – are the Department's longstanding objectives, the achievement of which is planned through training programs and asynchronous learning.

Achieving these objectives will ensure the strengthening of the workforce's effectiveness, increase in employee satisfaction and reinforcement of corporate culture, placing the Commission in a better position to address future challenges.

### 3.5.3 The Department's Operations

#### 3.5.3.1 CySEC Personnel

In 2024, the Department dealt with the smooth integration of new staff (59 new employees), recruited by CySEC at the end of 2023. The large number of recruits required the implementation of a special induction and training program. This growth in the Department in recent years has led to the need for manuals aimed at clearly documenting the procedures followed and improving the organisation's operations.

By the end of 2024, CySEC employed 12 Senior Officers, 30 Officers A', 137 Officers, 8 Clerical Officers, 1 IT Technician, 34 Assistant Clerical Officers, and 1 Office Assistant.

During the course of the year, 5 Officers, 1 IT Technician and 1 Assistant Clerical Officer left CySEC.

Additionally, in 2024 there was one employee promoted to Officer A'.

CySEC's personnel by Department by the end of 2024 is presented in the following table:

DEPARTMENT	STAFF
Financial Services, Personnel and Training	16
Legal	8
IT and Operations	16
Authorisations	25
Supervision	48
Strategy, International Relations and Communications	13
Risk Management and Statistics	11
Policy	9
Issuers	9
Market Surveillance and Investigations	13
AML-CFT	19
Internal Audit Unit	4
Chair Support / Reception	2
<b>TOTAL</b>	<b>193</b>

In addition to the above, since 1 August 2018 and until 31 July 2024 an Officer was seconded to CySEC from the Office of the Commissioner for Electronic Communications and Postal Regulation, in accordance with the Law on the Secondment of Civil Servants and Public Law Organisations of 2017 (L47(I)17).

One Officer A' from the Policy Department was seconded to the Ministry of Finance to undertake special duties, as of 3 June 2024, for a three-year-period. Additionally, an Officer from the Financial Services, Personnel and Training Department was appointed through secondment at the Public Service from 2 October 2024 until 31 July 2026 for the purpose of strengthening staffing in light of Cyprus' Presidency of the Council of the EU during the first half of 2026.

### 3.5.3.2 Representation abroad

#### Permanent Representation of the Republic in Brussels

In 2022, an Officer from the Supervision Department was seconded to the Permanent Representation of Cyprus to the European Union, to monitor and handle financial matters within CySEC's mandate, as well as other issues in various committees relating to financial services and other matters of a technical nature. Her secondment continued into 2024.

### 3.5.3.3 Educating CySEC personnel and Professionals at regulated entities

#### 3.5.3.3.1 Personnel Training

The Financial Services, Personnel and Training Department ensures the continuous training of CySEC's staff through seminars organised either internally by CySEC, or through its personnel's participation in various seminars and conferences taking place in Cyprus and abroad.

CySEC also participates in trainings organised by IOSCO, as well as the EU Supervisory Digital Finance Academy (EU-SDFA) in seminars held at EUI's Florence School of Banking and Finance (Florence, Italy).

Within 2024 a number of seminars on specialised matters were organised for CySEC's personnel. With regard to training on the legal framework, the personnel were trained on matters related to the MiCA (Markets in Crypto-Assets Regulation) and DORA (Digital Operational Resilience Act) regulations. Additionally, seminars on distributed ledger technology and the legal framework related to AML (The Essentials of an On-going Transaction Monitoring Program) also took place.

Moreover, personnel are given the opportunity to participate in educational seminars held by regulated entities whenever possible.

#### 3.5.3.3.2 Certification and Professional Training of Professionals in the Sector

Within 2024, a total of 100 certification exams were held with 1090 persons registered to participate. Of these, 34.40% registered to take the AML Compliance Officer exam, 57.98% the Upgraded exam, and 7.61% the Basic Exam. Of those who took the exams, 647 passed. At the end of 2024, there were 5,026 people registered at CySEC's public register and 2,018 at the AML Compliance Officers Register.

#### Improving the compliance of regulated Entities

With the aim of improving the regulated entities' compliance with the law, CySEC now obliges persons registered in the public registry to submit information of their Continuing Professional Training in order to remain registered.

To this end, CySEC holds seminars for regulated entities, as well as lectures that are open to the public. During these seminars and lectures, any changes to the legislative framework governing the sector and any new laws are presented, while explanations are given on the basic legal provisions and the regulated entities' obligations, resulting from these changes.

Though these seminars, CySEC helps improve the certified persons' level of knowledge on the latest developments and changes to the institutional framework, reinforces the specialised professional knowledge of certified persons in specific areas of investment service provision and reduces the regulated entities' risk of failing to comply with their legal obligations.

In 2024 CySEC organised and held 20 either in-person or online seminars. The seminars were joined by 571 individuals, the majority of whom were either registered professionals of the industry, or professionals who were interested in registering on CySEC's Certified **Persons Register**. **The seminars were also open to CySEC staff.**

The new European Market Abuse Regulation and the institutional framework governing Collective Investment Funds and their managers were among the topics discussed during these seminars, while there was also an analysis of issues relating to financial innovation, requirements for the operation of CIFs and AML issues.



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**Market  
supervision  
and compliance  
of regulated  
entities**

## 4.1 Supervision Department

“2024 was a year of intensive effort for the Supervision Department. By implementing a dynamic and preventive supervisory framework, the Department aimed to ensure investor protection, strengthen compliance, and maintain market integrity. Through targeted actions, such as monitoring high and medium-to-high-risk entities, thematic reviews, and actions to ensure compliance with European regulations, we achieved significant results.

For 2025, CySEC remains committed to further enhancing its regulatory activities. We strongly believe that remaining vigilant and using modern tools will help create a resilient, transparent and credible financial system. Protecting investors and ensuring a sound market remain at the heart of our mission”.

### **Eftychia Georgiou**

Head of Supervision Department

#### 4.1.1. Duties / Competencies

The Supervision Department is responsible for monitoring the compliance of CySEC-regulated entities with their legal obligations, except those related to preventing money laundering and terrorist financing. Specifically, the Department monitors the compliance of:

- CIFs
- Regulated Markets and Multilateral Trading Facilities
- Central Securities Depository
- UCI Management Companies and UCIs

In 2025, the Supervision Department will take over the supervision of companies providing services in crypto-assets, as well as matters related to Digital Operational Resilience (DORA).

#### 4.1.2. Organisational Structure

The Department comprises 48 staff members:

- 2 Senior Officers
- 6 Officers A'
- 36 Officers
- 1 Clerical Officer
- 3 Assistant Clerical Officers

The Department is divided into five groups, each with a different mandate.

#### 4.1.3. Objectives for 2025

Based on the progress made in 2024, CySEC will reinforce its supervisory activities, which will include continuing the intensive and effective supervision of high and medium-high risk companies, conduct onsite inspections, and implementing more thematic and desk-based reviews to ensure their continuous compliance with regulatory requirements.

The Department's supervisory activities will continue to focus on crucial sectors, such as:

- Organisational requirements, including requirements for compliance and internal controls.
- Compliance with rules of professional conduct (such as information addressed to [potential] clients, advertising communications, client acceptance, conflicts of interest, remuneration policies, product monitoring, national intervention measures in relation to the marketing, distribution, and sale of financial contracts for differences, and the provision of cross-border services).
- Sustainability risks and relevant obligations for publication.
- Adequacy of regulatory capital, early signs of financial distress, the governance framework with an emphasis on effective risk identification, management and monitoring, as well as group-wide supervision.
- Improving the completeness, accuracy and quality of data, in line with the MiFIR, EMIR, CSDR, STFR and Securitisation Regulations.

Moreover, the Department will place more focus on the implementation of the Digital Operational Resilience Act (DORA) and the Markets in Crypto-Assets Regulation (MiCA), as well as new thematic initiatives such as AI, influencers and copy trading.

CySEC remains committed to adjusting its approach where needed, responding to emerging risks and challenges facing the financial sector.

CySEC will further enhance its supervisory capabilities through the following actions:

- **Technology-powered supervision:** Implementing advanced analytical tools for the evaluation of data-based risks (e.g. early warning indicator tool, compliance tool that supports the assessment of compliance and internal audit reports).
- **Interactive communication with stakeholders:** Improving communication with regulated entities, aiming to promote a culture of preventive compliance.

#### 4.1.4. Review of Supervisory Activities in 2024

##### CIFs

According to the supervisory plans of 2024, CySEC monitored a total of 223 CIFs, including 97 high and medium-high risk CIFs (28 high-risk and 69 medium-high risk). The supervision was focused on three key sectors:

i. [Supervision related to organisational demands and matters of professional conduct, as set out in MiFID II](#)

CySEC exercises increased risk-based monitoring. As such, CySEC was monitoring all high and medium-high risk CIFs daily, and a sample of 35 medium-low and low risk CIFs on a regular basis.

As a result of this monitoring, there were a number of cases where further investigation was required, which took place through onsite inspections or desk-based reviews. Furthermore, CySEC went ahead with the conduct of scheduled inspections, which had previously been included in the organisation's supervisory plans for 2024. Specifically, CySEC held the below supervisory activities in 2024:

SUPERVISORY ACTIVITIES	HIGH RISK (H)	MEDIUM-HIGH RISK (MH)	MEDIUM-LOW RISK (ML)	LOW RISK (L)	TOTAL
Onsite inspections	9	9	4	0	22
Desk-based reviews	195	259	33	26	513
	<b>204</b>	<b>268</b>	<b>37</b>	<b>26</b>	<b>535</b>

The supervisory activities focused on crucial sectors such as:

- **Organisational requirements and business model:** Assessment of the structure and operations of CIFs to ensure compliance with regulatory requirements.
- **Information to clients:** Assessment of the accuracy, transparency and appropriateness of client communications.
- **Marketing communications:** Assessment of advertising material and review of compliance with regulatory requirements.
- **Client onboarding:** Review of procedures for client onboarding and evaluation of their appropriateness.
- **Appropriateness tests:** Review of the assessment of products for clients.
- **Circumvention of intervention measures:** Detect and combat efforts to circumvent intervention measures, especially regarding CFDs.
- **Outsourcing agreements:** Evaluating the supervision and control of external partners.
- **Business relationships with affiliated companies:** Monitoring relationships of CIFs with affiliated entities.
- **Handling uninvested capital of investors, provision of fractional share services, promoting services/products through influencers.**

Moreover, CySEC ensured that all medium–low and low risk CIFs were reviewed for the accuracy and completeness of their archives, especially in regard to shareholders and their Boards of Directors.

#### ii. Prudential Supervision

In 2024, a significant number of CIFs were supervised, with activities focusing mainly on the following:

- **Capital adequacy thresholds and other ongoing obligations:** Regular confirmation of compliance with capital adequacy limits and monitoring of compliance with ongoing obligations. Verification of the completeness and accuracy of the data submitted by CIFs to CySEC on a regular basis.
- **Assessing internal risks and capital adequacy:** Assessing the internal procedures of 3 CIFs, as to the adequacy of their internal capital.
- **Management of Information and Communication Technology (ICT) risks:** Audit of 11 CIFs for compliance with the European Banking Authority guidelines on ICT risk management. Issuance of a supplementary guide to support entities' efforts to comply with regulatory requirements for digital resilience in the financial sector.
- **Remuneration policies:** Evaluation of remuneration policies implemented by 8 CIFs. Collection of data from a number of CIFs and analysis thereof in terms of the comparative assessments of remuneration practices and the gender pay gap, highly paid individuals, and gender–neutral remuneration policies.
- **CIF groups of companies that are under collective supervision:** Collection and analysis of data for the identification and management of such groups.
- **Business model:** Analysis of the operations of CIFs which provide investment services relating to the reception, transmission, and execution of orders and act on their behalf in the context of executing client orders, aiming to potentially require them to amend their operating license and increase their initial capital.
- **Submission of data through the XBRL Portal:** Development of reports and checks of the submission of data through the XBRL Portal, regarding obligations for prudential supervision.
- **Framework of prudential supervision:** Adoption and issuance of the European Banking Authority's guidelines to reinforce the relevant framework.

### iii. Supervision of transactions/derivative contracts referring to CySEC

In 2024, CySEC conducted a significant number of desk-based reviews, relating to reporting requirements for transactions/derivative contracts. Specifically, 229 desk-based reviews were conducted, which mainly focused on the following topics:

- **Reporting on derivative contracts:** Evaluating the information of derivative contracts that were reported by 56 CIFs, under the EMIR Regulation, in terms of accuracy, completeness and quality.
- **Reporting on Transactions:** Evaluating the information of transactions that were reported by 36 CIFs under the MiFIR Regulation, in terms of accuracy, completeness and quality.
- **Reporting on securities financing transactions:** Evaluating the information of securities financing transactions that were referred by 4 CIFs, under the SFTR Regulation, in terms of accuracy, completeness and quality.
- **Reporting on the activities of AIFMs and UCIs:** Auditing the report and quality of information reported by 33 AIFMs/UCIs in relation to their activities.
- **Reporting on internalised settlements:** Evaluating the information of transactions reported by 90 CIFs, under the CSDR Regulation, in terms of accuracy, completeness and quality.
- **Annual compliance and internal control reports:** Evaluating the reports of 10 CIFs with regards to references of matters relating to data reporting requirements.

### Undertakings for Collective Investment Management Companies and Undertakings for Collective Investment

As per its supervisory plan for 2024, CySEC audited a total of 79 UCI Management Companies (87 UCIs). The supervisory activities focused on the three main sectors:

#### i. Assignment of Activities

In 2024, supervisory activities mainly concerned the following topics:

- **Sustainability and reporting risks:** Audit of 8 UCI Management Companies (MCs) to ensure compliance with the requirements of sustainability and reporting risks.
- **Asset valuation:** Conduct of inspections to ensure compliance with asset valuation requirements.
- **Asset raising and limitations for assets under management:** 24 UCI MCs and 57 UCIs were inspected to ensure that they raised assets within a specific timeframe and that they complied with limitations on assets under management.

#### ii. Prudential supervision

Supervisory activities mainly concerned the following:

- **Leveraging:** Evaluating information in relation to the presence of systemic risk from the use of leverage in the field of AIFs managed by AIFMs of the Republic.
- **Risks in the sector of commercial real estate:** Collection of data and evaluation regarding Recommendation ESRB/2022/9 of the European Systemic Risk Board (ESRB), on monitoring and tackling risks in the sector of commercial real estate.

#### iii. Transactions/derivative contracts reporting

The regulatory activities conducted in 2024 concerned the monitoring of reporting requirements for transactions/derivative contracts by 33 UCI MCs- UCIs and reviewing their completeness, accuracy and quality.

## Central Securities Depository

In 2024, the Supervision Department carried out desk-based inspections of the Central Securities Depository (CSD), evaluating the adequacy of the regulations, strategies, procedures and mechanisms that have been established and implemented, as well as the existence of risks that the CSD is currently exposed or could be exposed to in the future.

### 4.1.5. Supervisory Measures

As a result of the abovementioned supervisory activities, CySEC took the following supervisory measures, which demonstrate its commitment to promoting a strong culture of compliance among regulated entities:

SUPERVISORY MEASURES	NUMBER
Request for corrective measures	321
Operating license revocation	5
Operating license suspension	2
Settlement	1
Temporary suspension of activities and request for corrective measures	5
Administrative fine	4
RAIF license revocation	2
	<b>340</b>

### Other Supervisory Measures

As part of its mandate, CySEC proceeded with the issuance of a number of circulars for regulated entities to ensure full compliance with their legal obligations. The following circulars were issued:

- C616–ESMA74–362–2281 – ESMA Guidelines for reporting under EMIR.
- C617 – Recommendation 2022/9 of the European Systemic Risk Board (ESRB) on the vulnerabilities in the commercial real estate sector in the European Economic Area.
- C618 667, 676 – Technical clarifications concerning the reporting obligation with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision.
- C619 – ESMA Guidelines on transfer of data between Trade Repositories under EMIR and SFTR.
- C620 – Adoption of the European Banking Authority Guidelines on the monitoring of the threshold and the procedural aspects on the establishment of intermediate EU undertakings.
- C631 – Prudential reporting based on the results of the audited financial statements.
- C639 – Voluntary Dry Run Exercise to prepare industry for the next stage of Digital Operational Resilience Act (DORA) implementation.
- C645, 646 – Commission’s review of the investment firms’ prudential framework.
- C662 – Adoption of the European Banking Authority Guidelines on the application of the group capital test for investment firm groups.
- C663 – Requirements of the Polish Financial Supervision Authority KOMISJI NADZORU FINANSOWEGO regarding the referral and affiliate programmes offered by investment firms in the territory of Poland.
- C668 – Workshop about the preparation of the register of information under the Digital Operational Resilience Act (DORA).
- C678 – Guidelines on funds’ names using ESG or sustainability-related terms.

#### 4.1.6. Participation in Committees/Groups in Cyprus and abroad

Personnel from the Supervision Department took part in meetings of various committees/groups based both in Cyprus and abroad, which address issues that fall within the scope of the Department's responsibilities. More specifically:

- ESMA – Investors Protection and Intermediaries Standing Committee
- ESMA – Investors Working Group
- ESMA – Markets Standing Committee
- ESMA – Secondary Markets Working Group
- ESMA – Post-Trading Standing Committee
- ESMA – Data Standing Committee
- ESMA – Investment Management Operational Working Group
- ESMA – Sustainability Standing Committee
- ESMA – Senior Supervisors Forum (Investment Services)
- ESMA – Senior Supervisors Forum (Investment Management)
- ESMA – Senior Supervisors Forum (Markets)
- EBA – Subgroup on Investment firms
- EBA – Subgroup on Analysis Tools (SGAT)
- ESA – Joint Committee, Sub Committee DORA
- Council – Attaches and Experts Financial Services and the Banking Union (Financial Services) (EMIR/CCP)

## 4.2 Anti-Money Laundering Department

*“The effective prevention and suppression of money laundering and terrorist financing is crucial to protect the integrity of the markets and the global financial framework and therefore remains a key objective for CySEC.”*

### **Charalambos Paraskeva**

Head of Anti-Money Laundering Department

#### 4.2.1 Duties / Competencies

The main responsibility of the Anti-Money Laundering Department (AML/CFT) is to monitor the compliance of regulated entities with their obligations, as set out in the Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2007, as amended (the “Law”) and the CySEC Directive on Anti-Money Laundering and Terrorist Financing (the “Directive”), as amended.

The Department also monitors the compliance of regulated entities with their ongoing legal obligations, through scheduled onsite and desk-based inspections, which aim to assess the adequacy and suitability of the relevant policies, checks and procedures that are being implemented for the effective management and reduction of money laundering and terrorist financing risks. Additionally, the Department issues and publishes Directives, Guidelines and Circulars addressed to the regulated entities, relating to the prevention of money laundering and terrorist financing. Moreover, the Department uses a specialised digital system, which among other things, analyses the applicants’ risk profile for registration in the register of Crypto Asset Service Providers (CASP) and monitors crypto-asset transactions.

The Department’s duties also include, inter alia, ensuring that regulated entities implement the provisions of Security Council Resolutions or Decisions (Sanctions) and/or Decisions or Directives of the Council of the European Union (Restrictive Measures) as well as ensuring compliance with Cyprus’ Beneficial Ownership Register of Express Trusts and Similar Legal Arrangements. It also trains regulated entities on matters of Prevention of Money Laundering and Terrorist Financing (AML/CFT) and takes part in European Institutions which are responsible for the preparation of European Directives, Regulations, Standards and Guidelines. Moreover, the Department coordinates the assessment process conducted by the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) of the Council of Europe, relating to matters that fall under CySEC’s remit.

#### 4.2.2 Objectives for 2025

The Anti-Money Laundering Department has set the following priorities for 2025:

- Carry out inspections, to evaluate the adequacy and appropriateness of the relevant policies, controls and procedures they implement to effectively manage and mitigate AML/ CFT risks.
- Continue and carry out new inspections on entities, that have or used to have business ties with individuals subject to the Sanctions of the Council of the European Union against Russia and/or are affected by restrictions resulting from the Sanctions.
- Conduct other operations concerning the ongoing Sanctions of the Council of the European Union against Russia, such as the provision of advice through circulars, notifications and guidelines, the collection and evaluation of information on the measures being taken as well as for the potential freezing of assets of individuals subject to sanctions.
- Examine the Annual Reports of the compliance and internal auditors, as regards the prevention of money-laundering, including the relevant minutes of the Board of Directors’ meetings for the year 2024.

- Resume the implementation of an Action Plan, which is based on the findings/recommendations of the assessment report on Cyprus published by the EU Committee of Experts on Evaluation of Anti-Money Laundering Measures (Moneyval), on 12 February 2020.
- Resume the implementation of an Action Plan, on the findings/recommendations of the National Risk Assessment related to money laundering and terrorist financing, as well as crypto assets and Crypto Asset Service Providers (CASP), which was prepared in 2022 and participation in the National Action Plan.
- Continue to implement the Action Plan based on the findings/recommendations of the first (1st), second (2nd), and third (3rd)<sup>6</sup> Cyprus Progress Report by MoneyVal with regards to Recommendation 15 of FATF.
- Complete a fourth (4th) evaluation in relation to Cyprus Progress Report by MoneyVal with regards to Recommendation 15 of FATF.
- Prepare internal memos regarding the risk profile of entities applying to the CASP Register. Perform audits of the specialised system for the analysis and monitoring of crypto-asset transactions.
- Implement guidelines issued by the European Banking Authority in relation to combatting money laundering and terrorist financing.
- Implement the guidelines of the European Supervisory Authorities (ESA) in relation to cooperation and exchange of information for the purposes of Directive (EU) 2015/849 between the competent Authorities supervising credit and financial institutions in order to establish AML/CFT Colleges, in which CySEC is the Leader Supervisor, as well as participate in the AML/CFT Colleges of other leading Regulatory Authorities, as a permanent member.
- Implement and update internal procedures in order to submit CySEC's data to the European Reporting System for material AML/CFT weaknesses "EuReCA", which was created in line with the provisions of Article 9a (1) and (3) of Regulation (EU) No 1093/2010, as well as based on the final draft of Regulatory Technical Standards (RTS) on the establishment of a central AML/CFT database. Continue to examine cases and submit the relevant information to the European database.
- Complete a project concerning CySEC's compliance with the European Banking Authority's guidelines, which concern risk-based supervision to combat money laundering and terrorist financing, in collaboration with the Risk Management and Statistics Department and the financial body that has been chosen following an Open Tender.
- Issue guidelines (practical guide) addressed to regulated entities on terrorism financing matters.
- Issue guidelines (practical guide) addressed to regulated entities to inform them of the findings/results of thematic inspections for the identification/screening of persons that are under Sanctions/Restrictive Measures and relevant good and bad practices (within February 2025).
- Prepare and record changes and new operations in the Register of Express Trusts and Similar Legal Arrangements maintained by CySEC due to the European Union's new package on AML.

### 4.2.3. The Department's Operations

#### 4.2.3.1 Compliance Supervision

Within 2024, the Anti-Money Laundering Department carried out inspections to assess the adequacy and efficiency of the relevant measures and procedures implemented by the regulated entities for the prevention

<sup>6</sup> The 3rd Progress Report is set to be published in early 2024.

of money laundering and terrorist financing.

Specifically, within 2024 the Department:

- Completed 14 AML/CFT inspections. Additionally, it carried out inspections on 7 regulated entities, with the inspections pending completion.
- For the inspections that have been completed, CySEC decided:
  - To impose an administrative fine on 1 ASP.
  - To reach a settlement with 1 ASP and 2 CIFs. The settlements concern a potential violation, action or omission that is suspected to have been committed by anyone, in violation of the provisions of the legislation supervised by CySEC.
  - To take measures, in a number of CIFs, ASPs and Undertakings for Collective Investments Management Companies, for the purpose of correcting their internal procedures, regulations and practices to ensure their full compliance with their legal obligations, within a timeframe set by CySEC.
- Conducted, in cooperation with an expert technology company, thematic reviews on 25 regulated entities (10 CIFs, 9 ASPs, 4 AIFMs and 2 CASPs). The thematic reviews focused on assessing how regulated entities use systems to identify/screen persons subject to sanctions/restrictive measures. 23 companies have been notified about the relevant findings and recommendations to correct the weaknesses identified, as well as their obligation to report that they have taken these measures, with confirmation from the internal auditor on AML/CFT issues. As it comes to two companies that did not manage to complete the audit, the Department has issued a summons (the procedure is ongoing).
- Conducted a review and received information in relation to Monthly Prudential Reports, submitted by regulated entities and asked for further information and clarifications to review the procedures of three CIFs. The relevant explanations were received and evaluated accordingly.
- Summoned four CIFs to submit written representations for failing to submit their Annual Compliance Officer Reports and Internal Audit Reports on ML/TF prevention, as well as the relevant minutes of their Boards of Directors which are currently under review.
- Conducted reviews of the content of Annual Reports of Annual Compliance Officer Reports and Internal Audit Reports on ML/TF prevention, as well as the relevant minutes of Boards of Directors in 255 regulated entities, to evaluate their content (122 CIFs, 66 AIFs, 63 UCI MCs and 4 CASPs). A total of 510 annual reports were audited. The reports mainly concern risk management, policies, practices, measures, procedures, and control mechanisms implemented to prevent ML/TF. All summary reports of the remaining regulated entities accompanying the reports in question have also been examined.
- Moreover, in relation to the above audit concerning their content, 44 regulated entities were ordered to take specific measures within a specific timeframe, to ensure their full compliance with the provisions of the Law and Directive.
- Conducted a review of the timely submission of all Annual Reports of Annual Compliance Officer Reports and Internal Audit Reports on ML/TF prevention, as well as the relevant minutes of Boards of Directors. One UCI MC and 3 CIFs have been summoned and fined for failing to submit the reports in question.
- Sent letters to all registered CASPs to inform them about their obligations.

- CySEC continuously receives information from all regulated entities on impacted business relationships, based on Circular C489 on the EU Council's Restrictive Measures against Russia. Taking into account and evaluating this information, within 2024, the Department conducted 3 desk-based thematic reviews, which have been completed, and 1 onsite inspection, which is still ongoing. The thematic inspections will continue in 2025.
- Following data/information found in the Register of Express Trusts and Similar Legal Arrangements maintained by CySEC, in April 2023, the Department began conducting thematic reviews on 6 ASPs to determine their compliance with the EU Council's sanctions against Russia as regards existing trusts. The reviews of 2 ASPs are still pending, with the process being at the stage of submitting representations.
- Following up on the data/ information received from Circular C596 in September 2023 entitled "Russian Federation Federal Laws No.319-FZ and 519-FZ regarding the transfer of Russian securities to Russia (Forced Transfers)", the Department identified Forced Transfers carried out by natural and legal persons in Cyprus. Upon completion of the investigation and the relevant decision of CySEC's Board, the Department submitted the above information/data on "Forced Transfers" transactions to the Police and also informed the Finance Ministry about them. Moreover, as for "Forced Transfers" transactions that concern foreign natural and legal persons, the relevant information/data have been sent to the Police.
- Created a relevant page on Terrorism Financing (TF) and Proliferation Financing (PF) matters on CySEC's website, to inform regulated entities through notifications and guidelines, from local and foreign organisations. Furthermore, on 20 December 2024, a practical guide for PF matters was issued, through Circular C672, to ensure that the supervised entities further enhance their preparedness regarding PF matters.
- The Department also makes use of a specialised digital system/tool, based on which, the applicants' profile risk is analysed for registration in the CASP Register and monitoring transactions in crypto assets. A total of 25 checks were conducted in 2024.
- As it comes to the European database EuReCA, the Department examined a total of six cases. For two cases, it decided that the criteria of significant weakness had been met, and the necessary data was therefore entered into the database.
- Completed a study concerning the implementation of Regulation (EU) 2023/1113 of the European Parliament and of the Council of 31 May 2023 on information accompanying transfers of funds and certain crypto-assets and amending Directive (EU) 2015/849 (Travel Rule) by regulated entities and issued a relevant circular.

#### 4.2.3.2 Trust Register

Pursuant to section 61C(4)(a) of the Law, CySEC maintains a Beneficial Owners Register of Express Trusts and Similar Legal Arrangements (the "Register"), which keeps information on express trusts and similar legal arrangements and the beneficial owners of express trusts and similar legal arrangements. The establishment and maintenance of the Register is considered an important tool to improve transparency, as well as prevent and combat money laundering.

On 17/05/2022, CySEC launched the Beneficial Owners Register of Express Trusts and Similar Legal Arrangements (the Register) through the CyTBOR platform (the System).

CySEC issued a Directive for the Beneficial Owners Register of Express Trusts and Similar Legal Arrangements to regulate specific issues pertaining to the characteristics, establishment, operation and access to the Register, as well as other related matters. Moreover, CySEC issued User Manuals and Q&As. All the above related to the Register have been posted on a dedicated section on CySEC's website for the purpose of informing and supporting the System's users.

Among other things, the CyTBOR system is used for the registration, notification, management, maintenance and updating of information of beneficial owners of Express Trusts and Similar Legal Arrangements, as well as access to the Register.

In addition to CySEC, all Supervisory Authorities, the Customs Department, The Tax Department, MOKAS (Unit for Combating Money Laundering) and the Police also have unhindered access to the Register. Meanwhile, it allows the corresponding competent authorities of other EU member states to receive timely information on true beneficiaries of Express Trusts and Similar Legal Arrangements.

In addition, obliged entities have access to the Register, within the framework of taking due diligence measures and identifying their clients. Access is also granted to any natural or legal person who demonstrates a legitimate interest, as well as to any natural or legal person in relation to an express trust or similar legal arrangement which holds or controls a qualifying holding in a company or other legal entity and, specifically, among others, either through direct or indirect ownership, or through bearer shares, or through control by other means. Excluded is participation in a company or other legal entity referred to in paragraph (1) of Article 61A and paragraph (1) of Article 61B, or which has been established in a Member State other than the Republic.

In the context of determining the compliance of trustees in Express Trusts, or other persons holding an equivalent position in Similar Legal Arrangements, with their obligations under Section 61C(6)(a) of the Law, and particularly, with their obligation to register their Express Trusts or their Similar Legal Arrangements, the Department carried out inspections that have been completed in 2024.

The procedures for linking the Registry with the Beneficial ownership registers interconnection system (BORIS) under article 61C (17)a of the Law, have been completed. Through BORIS, the Register's information is available to competent authorities of other EU member states, which can access its data without any restriction.

#### 4.2.3.3 National Risk Assessment on Crypto Assets and Crypto Asset Service Providers – National Action Plan

As part of complying with the international standards of the Financial Action Task Force (FATF), a National Risk Assessment regarding the Risks of Money Laundering and Terrorist Financing was carried out in relation to crypto assets and CASPs. CySEC participated in this assessment as a stakeholder. The National Risk Assessment has been completed and CySEC issued a circular on its website publishing the assessment's results. Moreover, based on the Report's recommendations, CySEC prepared and implemented an Action Plan to address the relevant risks for matters that directly concern the organisation.

The Department participated in the preparation of a National Action Plan which, among other things, includes all the necessary actions that CySEC needs to take to address the risks identified in the Report mentioned above. In 2025, the Department will continue to implement the Action Plan.

#### 4.2.3.4 Evaluation of Cyprus by the Council of Europe's Committee of Experts on the Evaluation of Money Laundering and Terrorist Financing Measures (Moneyval)

Cyprus' regulatory and supervisory framework to counter money laundering and the financing of terrorism is subject to MoneyVal's assessment procedures, in accordance with the international standards of the Financial

Action Task Force (FATF).

Upon completion of the fifth-round mutual evaluation of Cyprus by the Moneyval Committee, the Mutual Evaluation Report of Cyprus (the Report) was published on 12 February 2020. The Moneyval Committee assessed the level of technical compliance and effectiveness of measures implemented by all competent Authorities in Cyprus, including CySEC, as part of the effort to combat money laundering and the financing of terrorism.

In 2024, the Moneyval Committee completed and published the 3rd Follow-Up Report on the Republic of Cyprus, which assesses the country's technical compliance with FATF's Recommendation 15 in relation to CASPs. In the report, the Republic of Cyprus was upgraded from partially compliant (PC) to largely compliant (LC) with Recommendation 15. Overall, the evaluation in relation to Recommendation 15 was completed with great success, and the assessors noted that only minor weaknesses remain.

The procedure for the 4th Follow-Up Report by the Moneyval Committee, which also includes the Republic of Cyprus' progress on Recommendation 15, began in October 2024 and is expected to be finalised within 2025. CySEC took part in previous evaluation procedures, and is also taking part in the current one, due to its supervisory role in CASPs. The Department coordinates the whole procedure regarding Recommendation 15 and makes continuous efforts to ensure full compliance.

Based on the content of the assessments, an Action Plan was formulated for CySEC, containing implementation timelines. The Action Plan is part of CySEC's Strategic Plan and is based on the findings and recommendations of the Moneyval Committee's Evaluation Report of Cyprus. The Department will continue implementing the abovementioned Action Plan in 2025.

#### 4.2.3.5 Issuance of Circulars

During 2024, CySEC prepared and published the following circulars on issues related to AML/CFT:

- C614 – European Banking Authority's ('EBA') public Consultation Paper on two sets of Guidelines on internal policies, procedures and controls to ensure the implementation of Union and national restrictive measures
- C622 – US Sanctions Guidance
- C635 – EU Council's Restrictive Measures against Russia due to its military aggression against Ukraine – Article 5r of Council Regulation (EU) No. 833/2014
- C640 – EBA's Guidelines extending its Guidelines on ML and TF risk factors to CASPs
- C647 – New section on CySEC's website regarding Terrorism Financing (TF) / Proliferation Financing (PF)
- C653 – Annual Report of the Unit for Combating Money Laundering (MOKAS) for 2023
- C655 – Findings of the assessment of Compliance Officers' Annual Reports and Internal Audit Reports
- C656 – Common weaknesses/deficiencies and good practices identified during the inspections performed in relation to the prevention of money laundering and terrorist financing
- C657 – FATF's report titled 'Status of implementation of Recommendation 15 by FATF Members and Jurisdictions with Materially Important VASP Activity'
- C672 – Guidance on combatting Proliferation of weapons of mass destruction and Proliferation Financing
- C675 – EU Regulation 2023/1113 \_ EBA Guidelines \_ Reporting Obligations

#### 4.2.3.6 Participation in Committees and Cooperation with Other Authorities in the Republic and Abroad

CySEC closely cooperates with other Supervisory Authorities in Cyprus and the Unit for Combating Money Laundering (MOKAS) to keep each other informed on issues related to their supervisory duties and responsibilities, in relation to combatting money laundering and the financing of terrorism.

Moreover, it participates in the Advisory Authority for Combating Money Laundering and the Financing of Terrorism, as well as the Extended Special Technical Committee comprising all of Cyprus' supervisory authorities, which was established to prevent money laundering and the financing of terrorism.

CySEC also participates in the Ministry of Finance's Advisory Committee on Economic Sanctions (SEOK), whose mandate is to examine requests by credit institutions for the release of frozen funds. With regards to Sanctions/Restrictive Measures, CySEC participates in relevant ad-hoc meetings with other competent Authorities of the Republic, depending on developments, in online meetings of the relevant committees of the European Council (Freeze and Seize Task Force) which deal with Sanctions/Restrictive Measures, and in onsite visits by experts on matters related to Sanctions/Restrictive Measures.

It also participates in the European Banking Authority's Standing Committee on Anti-Money Laundering and Countering Terrorist Financing (AMLSC), as well as the Expert Group on Money Laundering and Terrorist Financing (EGMLTF) and the Committee on the Prevention of Money Laundering and Terrorist Financing on the Interconnection of Beneficial Ownership (BO) Registers (CPMLTF) of the European Commission.

CySEC is also a permanent member in AML/CFT College meetings with other Supervisory Authorities, organised by the Leader Supervisor of a different Supervisory Authority.

### 4.3 Issuers Department

“The supervision of issuers’ compliance with their obligations under the law remains a priority for the Issuers Department to ensure the protection of investors and the proper functioning of the market. The Department closely monitors developments on issuer-related matters, adapting its controls and procedures accordingly.”

#### **Koulla Theocharous**

Head of Issuers Department

#### 4.3.1 Issuers Department

The Issuers Department is responsible for monitoring the compliance of companies from the Republic of Cyprus, whose transferrable securities are listed on a regulated market for trading (issuers), with their continuous legal obligations, as defined in the current legislation. The Department is also responsible for examining applications for the approval of prospectuses for the public offer of securities or their listing on a regulated market for trading, and the examination of Public Takeover Bid documents for the acquisition of companies whose securities are listed on a regulated market as well as the monitoring of mainly:

- the implementation of Regulation (EU) 2017/2019 regarding Prospectuses and the Public Offer and Prospectus Law,
- the implementation of the Public Takeover Bids Law
- the implementation of the Law on Transparency Requirements (Securities Admitted to Trading on a Regulated Market) and
- the compliance of issuers with their obligations under the Encouragement of Long-Term Shareholder Engagement Law.

#### 4.3.2 Objectives for 2025

In 2025, the Issuers Department will continue to monitor the compliance of issuers and other liable persons with their ongoing obligations under the relevant legislation. To this end:

- It will continue to review issuers’ compliance with their obligation to issue their financial reports in a timely manner, as well as prepare their annual financial report based on the European Single Electronic Format, in accordance with the increased requirements of the relevant EU Regulation.
- It will focus on monitoring the financial reports of issuers, to determine the degree of their compliance with the International Financial Reporting Standards.
- It will intensify the updating of issuers on issues that have been identified by monitoring their compliance.

Moreover, it will focus on preparing and educating the Department and establishing the appropriate procedures for monitoring the implementation of legislation that will ensure harmonisation with Directive 2022/2464/EU regarding the submission of sustainability reports by companies, which is expected to take place in 2025. It will also focus on preparing for the adoption of the expected ESMA Guidelines on enforcement of Sustainability Information.

#### 4.3.3 The Department’s Operations

##### 4.3.3.1 Market Supervision and Monitoring

Monitoring the implementation of the Public Offer and Prospectus Law and Regulation (EU) 2017/1129, on the Prospectus.

In 2024, Officers of the Issuers Department continued to regularly monitor announcements by Issuers concerning the issue/offer of transferable securities or the introduction of transferable securities to a regulated market, in order to determine their compliance with the relevant legislation as regards their obligation to issue a Prospectus or a Supplementary Prospectus or whether they were exempted from the Law.

Furthermore, the Issuers Department continued to regularly monitor the notifications of approved prospectuses from the competent Authorities of other member states, which mainly concern public offers of transferable securities in the Republic of Cyprus, of Issuers whose home member state is not Cyprus. The relevant notifications are posted on CySEC's website. During 2024, CySEC received notifications from the competent authorities of other member states for 25 Prospectuses and 28 Supplementary Prospectuses.

During the examination of applications for the approval of Prospectuses or relevant announcements, any issues that could potentially constitute violations of the Stock Exchange Law and the current legislation governing the securities market were referred to the Market Surveillance and Investigations Department to be further investigation.

**Monitoring the implementation of the Public Takeover Bids Law of 2007, as amended**

Officers of the Issuers Department continued to regularly monitor the announcements/publications as well as the acquisition of voting rights of issuers, to ascertain the compliance of the parties involved with the Public Takeover Bids Law. Specifically, the Department also determines whether the obligation to submit a takeover bid to the issuer's shareholders or to issue a notice of intent/definite decision to submit a takeover bid has been fulfilled.

**Monitoring the implementation of the Transparency Requirements (Transferable Securities Admitted to Trading on a Regulated Market) Law of 2007, as amended**

In the context of monitoring the compliance of Issuers, whose transferable securities are listed on a regulated market, with their continuous obligations in line with the Transparency Requirements (Transferable Securities Admitted to Trading on a Regulated Market) Law, CySEC examined their compliance with the provisions of the law in regards to their obligation to publish an Annual Financial Report and Interim Financial Report, and the content of the aforementioned reports/announcements. In particular, it examined whether the financial information was prepared and published in accordance with the relevant provisions of the Law, as well as the relevant EU regulations.

In view of the implementation of Regulation (EU) 2019/815 on the establishment of a single electronic reporting format, in 2024, CySEC examined the issuers' compliance with their obligation to prepare and publish their annual reports for the financial year 2023 using the European Single Electronic Format (ESEF) in accordance with the aforementioned Regulation and their submission to CySEC via the dedicated online portal, namely, the CySEC XBRL Portal. The Department provided assistance to issuers on any issues that came up due to the use of the ESEF format in preparing/submitting their annual reports for 2023.

CySEC also continued to monitor and evaluate notifications that were submitted regarding the significant participation of shareholders or other obliged persons in issuers, to ensure compliance with the above Law.

- **Annual Financial Report**

**Annual Financial Report for the financial year 2022**

While reviewing the compliance of Issuers with their obligation to publish their Annual Financial Report for the financial year 2022, CySEC proceeded to investigate 15 cases of potential violations of article 9(1) of the

Transparency Requirements (Transferable Securities Admitted to Trading on a Regulated Market) Law, due to the failure to publish an Annual Financial Report within the deadline specified by Law and/or article 37(2)(a) of the same Law regarding failure to submit the report to CySEC.

The review of these cases was completed in 2024 and CySEC decided to impose administrative sanctions on 15 issuers as follows:

- 3 issuers were handed an administrative fine for breaching articles 9(1) and 37(2)(a) of the specific Law.
- 12 issuers were handed an administrative fine for breaching article 9(1) of the Law in question.

In the context of the same review, CySEC also sent letters to a number of issuers who had presented shortcomings or omissions in their published Annual Financial Reports for the financial year 2022, drawing their attention to the provisions of the legislation regarding Annual Financial Reports and their publication

### Annual Financial Report for the financial year 2023

In 2024, CySEC also began reviewing the issuers' compliance with their obligation to publish their Annual Financial Report for the financial year 2023. In the context of this review, CySEC proceeded to investigate 13 cases of potential violations of article 9(1) due to their failure to publish an Annual Financial Report within the deadline specified by the Law and/or pursuant to article 37(2)(a) of the same Law regarding failure to submit the report to CySEC.

The review of the abovementioned cases carried through to 2025.

- **Interim Financial Report**

### Interim Financial Report for the first half of the financial year 2022

While reviewing the compliance of issuers with their obligation to publish an Interim Financial Report for the first half of the financial year 2022, CySEC proceeded to investigate 14 cases related to possible breaches of article 10(1) due to failure to publish an Interim Financial Report within the deadline specified by Law and/or article 37(2)(a) of the same Law regarding failure to submit the report to CySEC.

The review of these cases was completed in 2024 and CySEC decided to impose administrative sanctions on 13 issuers as follows:

- 8 issuers were handed an administrative fine for breaching articles 10(1) and 37(2)(a) of the Law in question.
- 5 issuers were handed an administrative fine for breaching article 10(1) of the Law in question.

### Interim Financial Report for the first half of the financial year 2023

As part of reviewing the compliance of issuers with their obligation to publish an Interim Financial Report for the first half of the financial year 2023, CySEC proceeded to investigate in 2024:

- 12 cases related to possible breaches of article 10(1) due to failure to publish an Interim Financial Report within the deadline specified by Law and/or article 37(2)(a) of the same Law regarding failure to submit the report to CySEC and
- one case regarding the possible breach of article 10(3)(c) of the same Law, as the issuer's Interim Financial Report for the first half of the financial year 2023 did not include a Statement by the company's Board Members and other Responsible persons.

The review of these cases continued in 2025.

As part of the same review, CySEC also sent letters to a number of issuers, which presented minor shortcomings or omissions in their Interim Financial Reports for the first half of the financial year 2023, drawing their attention to the issues identified and the provisions of the relevant legislation.

#### Assessment of the content of the Interim Management Reports of Issuers for the first half of the financial year 2023

In 2024, CySEC proceeded with a review of the issuers' compliance when it came to the content of their Interim Management Reports for the first half of the financial year 2023, which were included in the Issuers' published Interim Financial Reports for this period, in line with article 10(3) of the Transparency Requirements Law (Transferable Securities Admitted to Trading on a Regulated Market) of 2007. The review also covered the issuers' compliance with ESMA's Guidelines on Alternative Performance Measures.

As part of the review, CySEC sent letters to a number of issuers who were found to have minor shortcomings or omissions in the content of their Interim Management Reports for the first half of the financial year 2023, drawing their attention to the issues that were identified as well as the relevant provisions of the law and/or the abovementioned Guidelines.

#### Interim Financial Report for the first half of the financial year 2024

In 2024, CySEC also began a review of the issuers' compliance with their obligation to publish an Interim Financial Report for the first half of the financial year 2024, as well as their compliance as it comes to the content of the Interim Management Reports for the first half of the financial year 2024, which were included in the issuers' published Interim Financial Reports for this period. The review carried through to 2025.

- **Content of financial information**

CySEC reviewed the annual and/or interim financial reports of a number of issuers that had securities listed on the regulated market, to determine whether the financial information disclosed therein was drafted in line with the Transparency Requirements (Transferable Securities Admitted to Trading on a Regulated Market) Law. In particular, the review aimed to determine the level of compliance of the financial statements in question with the International Financial Reporting Standards (IFRS), and in some cases to determine whether the Annual Financial Report generally adhered to other legal requirements, such as in relation to the content of the Management Report.

It should be noted that the selection of the sample of financial statements assessed annually by CySEC is based on a mixed selection model that combines a risk-based approach with random sampling and rotation, in line with the ESMA Guidelines as defined every year in cooperation with the European Supervisory Authorities. More information on how the sample is selected can be found in the Practical Guide "Listed Companies RBS-F Handbook" which is available on CySEC's website.

The selection of the financial statements for assessment in 2024, was made on a sample basis as described above. The annual and/or interim financial reports of 12 Issuers were selected for assessment. In some cases, an overall assessment was made in relation to their compliance with IFRS, while in others, a focused/thematic review was conducted in relation to a specific accounting treatment or for the purposes of the common European priorities for the supervision of the financial reports for the year 2023, as defined by ESMA in cooperation with the European Supervisory Authorities.

Whenever deemed necessary, CySEC conveyed the assessment results to the Issuers they involved, allowing them to provide any relevant explanations before CySEC reached a decision. In instances where the cases selected concerned the common European priorities, the results were also sent to ESMA. In certain cases, after

the assessment was completed, issuers were asked to ensure that corrections are made in their subsequent financial reports. The review of certain financial reports which were selected continued in 2025.

#### Monitoring Issuers' compliance with their obligations under the Encouragement of Long-term Shareholder Engagement Law

In 2024, in the context of monitoring the implementation of the Encouragement of Long-term Shareholder Engagement Law, and Directive DI 111-01 of the Cyprus Securities and Exchange Commission for the identification of material transactions with related parties of 2023, officials of the Issuers Department were regularly monitoring the issuers' announcements in relation to matters pertaining to transactions with related parties and other matters which fall under the provisions of the Law in question.

#### Monitoring the implementation of the Auditors Law of 2017 in relation to the Audit Committee

CySEC continued to monitor the Issuers' compliance with Article 78 of the Auditors Law of 2017 regarding their obligation to have an Audit Committee. This ongoing review concerns both the establishment of an Audit Committee, as well as, on a sample basis, the composition of audit committees to determine whether they comply with the provisions of the Law in question.

#### Monitoring the publication of a Key Investment Information Sheet (KIIS) for every crowdfunding project

In 2024, the Issuers Department started monitoring the prior notification of CySEC of a Key Investment Information Sheet (KIIS) for all crowdfunding projects, in line with CySEC's PS-01-2023 Policy Statement on the application of Regulation (EU) 2020/1503 on European Crowdfunding Service Providers for business, published on 13 March 2023 and the relevant notification of the Supervision Department.

#### Circulars

A number of circulars and announcements were also issued to Issuers throughout the year, aiming to draw their attention to various issues that were spotted or that they should take into consideration when complying with their ongoing obligations or when compiling their financial reports. A number of documents concerning issuers were also posted on CySEC's website. They included Public Statements and Reports by ESMA.

#### 4.3.3.2 Authorisation and approval

##### Applications for approval of Prospectuses for public offer or admission of securities to trading in a regulated market

The review of applications for the approval of a Prospectus based on the existing institutional framework, includes checking the completeness, comprehensibility and consistency of the information contained in prospectuses, as laid out in Regulation (EU) 2017/1129 and similar regulatory acts.

In 2024, CySEC completed the review of one Prospectus for the admission of securities into a regulated market, pursuant to the existing law. The Prospectus, which was submitted for approval in 2023, was approved.

In 2024, CySEC did not receive any requests to approve Supplementary Prospectuses.

##### Transfer of competency for approving Prospectuses

In 2024, CySEC did not receive any applications by Issuers whose home member state under Regulation (EU) 2017/1129 is the Republic of Cyprus, to transfer its competency for approving Prospectuses to the competent Regulatory Authority of another EU member state. Additionally, no applications were submitted to CySEC by any other Regulatory Authority for the transfer of its own competency to approve submitted Prospectuses to CySEC.

### Public Takeover Bid Documents

In 2024, CySEC received three Public Offer Bids following a notice by the Bidders for a mandatory public offer to acquire 100% of the share capital of an issuer with securities listed on the CSE.

CySEC reviewed the Documents and decided to approve and allow the publication of two of the Documents, while the review of the third Document was completed in January 2025.

### Exemptions from the obligation to announce a Public Takeover Bid

In 2024, 8 applications were submitted to CySEC for the granting of an exemption from the obligation to announce a Public Takeover Bid. CySEC examined the applications and issued a decision (of approval or rejection) for all 8 applications.

### Applications for the exercise of the right to a takeover bid

In 2024, CySEC received two applications from Bidders to exercise their right to acquire the remaining shares of the companies they were taking over, which they had not secured as part of the Public Takeover Bids. The CSE examined and approved these requests.

### Application for expansion/diversification of activities

As part of the procedure stipulated in the relevant Regulatory Decisions of the Council of the Cyprus Stock Exchange, in 2024, CySEC examined and agreed with the decision of the CSE Council to approve the application of an issuer for the expansion of its activities and its exemption from investment limitations, in line with the Regulatory Decisions in question.

### Delisting/suspension of trading

In 2024, CySEC examined and approved a decision by the CSE Council to delist the transferable securities of one issuer from the CSE's regulated market. CySEC approved the decision by the CSE Council given that the conditions for the smooth operation of the issuer's transferable securities on the stock market had expired.

CySEC also decided - pursuant to the powers it is afforded by article 70(2)(ic) of the Investment Services and Activities and Regulated Markets Law of 2017 - to request from the CSE Council to suspend trading of 7 Issuers' securities on the regulated CSE market. The suspension remained in effect until they complied with their ongoing obligations, or until a specific date set by CySEC, as the Issuers had failed to meet specific obligations, resulting in investors not being provided with the necessary information.

#### 4.3.3.3 Upgrade of the Regulatory and Supervisory Framework

In 2024, the Department continued to pinpoint matters where the various laws that fall under the Department's competency needed to be amended or improved and briefed the Legal Department accordingly.

The Department also assessed the bills for the transposition into law of Directive 2022/2464/EU of the European Parliament and of the Council of 14 December 2022 as regards corporate sustainability reporting (Corporate Sustainability Reporting Directive) so that CySEC could submit its positions on said bills to the competent Ministries, in relation to matters under CySEC's mandate.

The Department also submitted recommendations to the Policy Department over the accepted languages for a Prospectus, as part of a study into the amendment of CySEC's policy as regards accepted prospectus languages.

#### 4.3.3.4 Participation in various groups in Cyprus and abroad

The Department, also participates in various ESMA groups, representing CySEC. The Department participates in the following ESMA Standing Committees or Working Groups on issues relevant to the Department's work:

- Issuers Standing Committee (ISC)
- Financial Reporting (EECS) Working Group (FRWG - EECS)
- Sustainability Reporting Working Group (SRWG)
- Prospectus Working Group (PWG)
- Shareholder Transactions Working Group (STWG)

In 2024, Officers of the Department also participated as experts in the proceedings of working groups of the Council of the European Union regarding matters pertinent to the Department's responsibilities, so that CySEC could convey its views to the Permanent Representation of Cyprus to the European Union.

#### 4.3.3.5 Management of Queries submitted to the Department

The Department's daily tasks include the management of queries submitted via email by interested parties. In 2024, the most common queries concerned:

- The Takeover Bids Law
- The EU Prospectus Regulation and the language of the Prospectus.
- The drafting/publication of Annual Financial Reports.

#### 4.3.3.6 Collaboration with other Departments

Whenever it was requested, the Issuers Department contributed to projects related to CySEC's broader mandate, or projects of other Departments, inter alia, through the provision of information, responding to questionnaires, etc.

## 4.4 Market Surveillance and Investigations Department

*“Investor protection and ensuring the smooth operation of the Cypriot capital market are the beacon of the work of the Market Surveillance and Investigations Department.”*

### **Alkis Pierides**

*Head of Market Surveillance and Investigations Department*

#### 4.4.1 Duties/Competencies

The Market Surveillance and Investigations Department is responsible, among others, for investigating complaints filed with CySEC, carrying out ex officio investigations and investigations on behalf of foreign supervisory authorities and issuing warnings to companies that provide investment services in the Republic, without holding a CySEC license.

More specifically, the Department is responsible for:

- Investigating potential violations of the legislation for which CySEC has been designated as the competent authority.
- Investigating Investors' Complaints.
- Receiving and monitoring notifications submitted to CySEC under Regulation 596/2014 on market abuse.
- Participating in ESMA Committees related to the Department's work
- Issuing circulars or announcements to regulated entities and the investing public.
- Cooperating with other authorities and organisations of the Republic of Cyprus, EU member states and third countries in the framework of the aforementioned responsibilities.
- Informing the investing public about unauthorised websites, which claim to provide investment services by the Republic, as well as unauthorised websites offering crypto assets.

#### 4.4.2 Objectives for 2025

In 2025, the Department intends to focus on cases involving companies that illegally provide investment services from within the Republic of Cyprus.

#### 4.4.3 The Department's operations

##### 4.4.3.1 Investigations and Administrative Sanctions

The Department conducted 17 entries and investigations and completed 44 investigations into regulated entities. At the end of 2024, 52 investigations were underway concerning various regulated entities.

In 2024, CySEC imposed administrative fines on a number of CIFs and other individuals, in connection to cases investigated exclusively by the Department. CySEC reached settlements for a number of these cases.

##### 4.4.3.2 Investigating Complaints by Investors

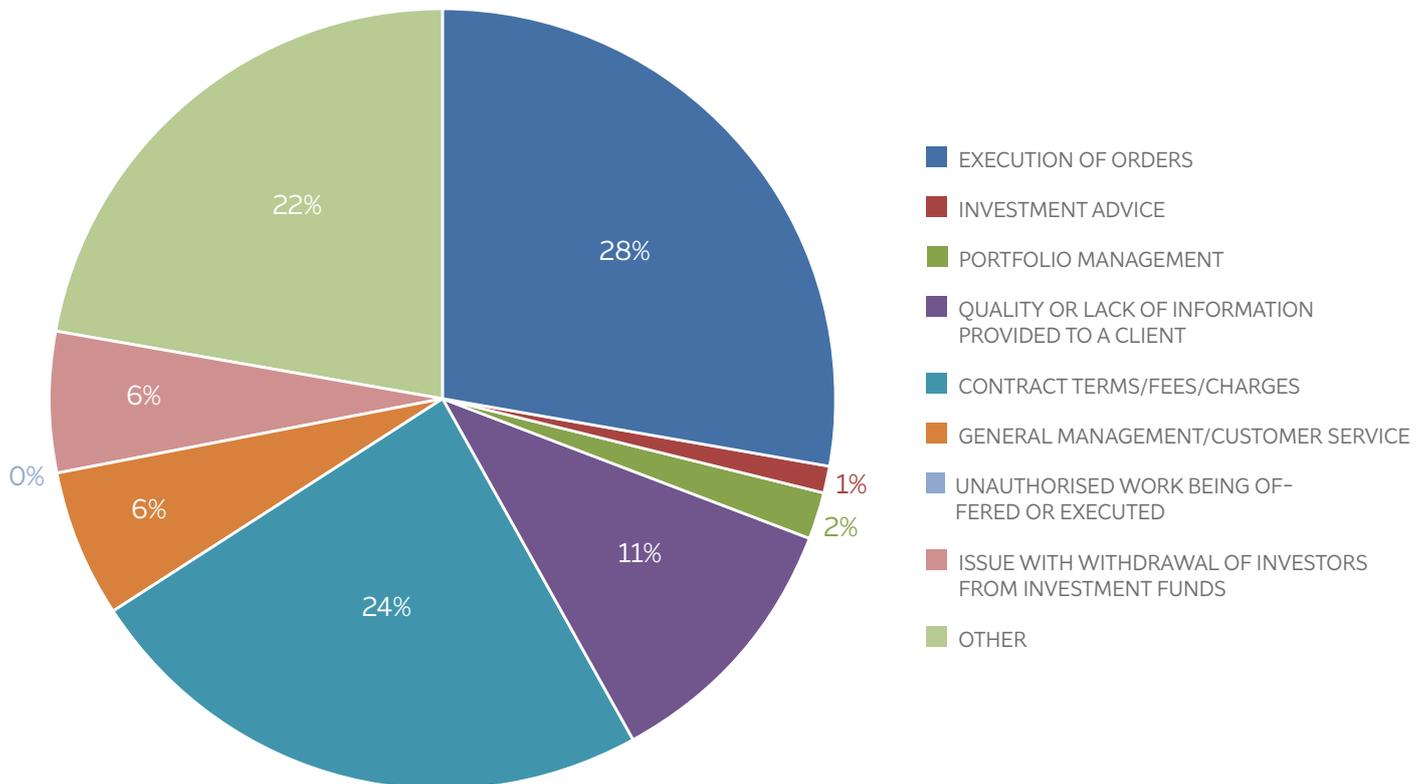
CySEC receives investors' complaints against regulated entities, which it investigates. CySEC does not have the authority to compensate investors. All complaints submitted to CySEC are taken into consideration as part of its supervisory role, to the extent the complaints reveal systemic weaknesses of the regulated entity in question.

## 4.4.3.2.1 CIFs

Investor complaints submitted to CySEC via the CIF complaints submission system

In 2024, CIFs submitted to CySEC a total of 971 investor complaints as shown in the following chart:

## COMPLAINTS AGAINST CIFs BY CATEGORY (2024)

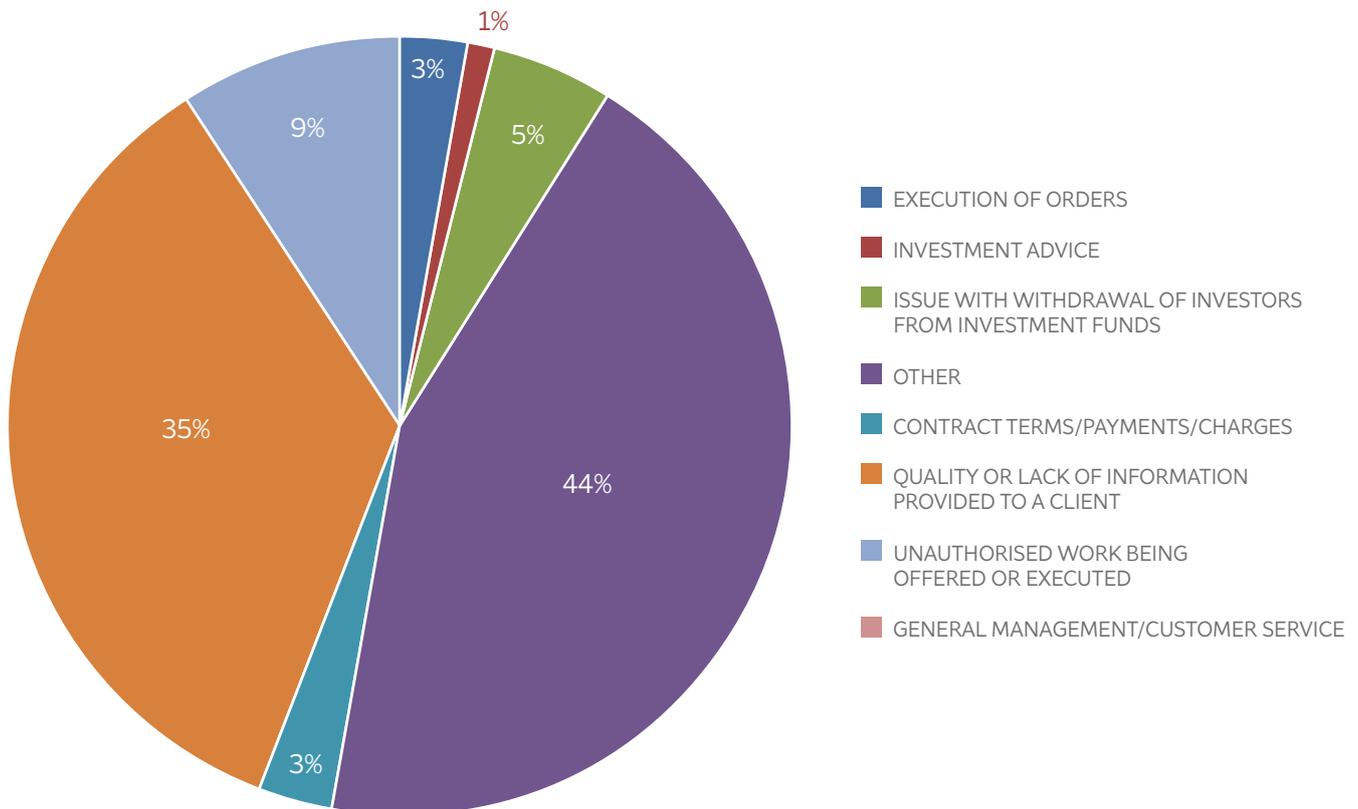


Keeping in mind specific criteria, the Department analysed the data and proceeded to take certain regulatory steps.

## Investor complaints submitted by Supervisory Authorities abroad

In 2024, CySEC received 101 complaints against CIFs from foreign Supervisory Authorities, regarding a number of topics, as seen in the chart below:

## COMPLAINTS AGAINST CIFS BY CATEGORY SUBMITTED BY SUPERVISORY AUTHORITIES ABROAD (2024)



According to the internal handbook on the complaints handling processes, these complaints are first reviewed by the Supervision Department and cases which need to be investigated are then forwarded to the Market Surveillance and Investigations Department.

## Complaints submitted to CySEC by investors

In 2024, a total of 63 individual investor complaints were submitted directly to CySEC via the complaints section of the CySEC website.

## 4.4.3.3 Complaints against Entities that may have provided Investment Services Illegally

In 2024, 220 complaints were filed by investors against companies that allegedly provided investment services illegally.

To investigate these cases, the Department:

- carries out onsite inspections to determine whether an entity which offers investment services illegally, has a physical presence in Cyprus
- inspects the companies' websites to determine whether they appear to be providing investment services in Cyprus without a CIF license,
- and collects information by sending letters to individuals who are believed to be in a position to provide useful information to CySEC.

Additionally, the Department issues announcements (notices/warnings) at regular intervals to inform investors and the public that the websites mentioned in these announcements were not run by CIFS that hold a license by CySEC to offer investment services.

CySEC urges the investing public to refer to its website to see the list of authorised (<https://www.cysec.gov.cy/entities/investment-firms/approved-domains/>) and unauthorised (<https://www.cysec.gov.cy/en-GB/investor-protection/non-approved-domains/>) websites. Moreover, the investing public can see the list of unauthorised websites offering crypto assets (List Of Non Approved Domains – Crypto Assets Providers)

#### 4.4.3.4 Submission of data to the Law Office of the Republic

Pursuant to article 35(1)(a) of the Cyprus Securities and Exchange Commission Law of 2009 (L.73(I)2009), in cases where a possible infringement may at first sight constitute a criminal offence, CySEC compiles a findings report or an incident report and submits them along with all the data it has at its disposal to the Attorney General of the Republic.

In 2024, CySEC referred 9 cases to the Attorney General of the Republic to decide whether criminal offences were committed on behalf of companies or natural persons.

#### 4.4.3.5 Cooperation with other Supervisory Authorities for the Investigation of Cases

In 2024, CySEC received 29 requests by foreign Supervisory Authorities to provide assistance. According to its mandate, CySEC gathered information by legal and natural persons as provided in article 32(4) of the Cyprus Securities and Exchange Commission Law of 2009 (L.73(I)2009), on behalf of these Supervisory Authorities.

Of the 29 requests for data collection, 1 involved lifting banking secrecy.

## 4.5 Risk Management and Statistics Department

*“The Risk Management and Statistics procedure is a fundamental element for the implementation of CySEC’s objectives, mission, and strategic plan. With an emphasis on the timely and organised identification, accurate assessment and categorisation of risks, as well as the adoption of targeted actions, our Department aims to ensure the effective operation and adaptability of the Organisation to the challenges of the financial environment. Through this integrated approach, areas requiring greater attention are identified, risks are prioritised, and trends affecting them are analysed. Our goal is to manage risks in a timely manner, strengthening our ability to respond to the demands of a dynamic supervisory environment. In this way, the Risk Management and Statistics Department effectively supports CySEC’s mission and vision”.*

**Marinella Georgiadou,**

Head of Risk Management and Statistics Department

### 4.5.1 Duties / Competencies

The Risk Management and Statistics Department (RMSD)’s mission is to identify, understand, and manage the risks to which CySEC is exposed, both internally and externally. Specifically, it aims to identify, measure, and address risks and challenges in a timely manner, contributing significantly to achieving CySEC’s strategic objectives.

The RMSD acts as a Second Line of Defence monitoring risk management processes and providing guidance to risk owners and CySEC staff in general. The aim is to facilitate understanding, communication, and proper management of the risks that arise during the performance of their duties. At the same time, the RMSD contributes to the development of a culture of risk awareness within CySEC by providing training to staff and reinforcing the understanding of the importance of risk management.

To achieve the above, the RMSD develops and implements a comprehensive operational risk management framework each year, ensuring the timely identification, assessment, and mitigation of risks affecting CySEC. At the same time, it reviews and updates the assessment of operational risks, incorporating the assessments of the relevant risk management personnel, while preparing the Annual Risk Assessment Report, thereby strengthening CySEC’s overall supervisory activities.

The RMSD actively participates as an observer and coordinates the work of the Special Risk Management Committee (SRMC) of the CySEC Board. In this context, the RMSD prepares the agenda for meetings, ensures that minutes are kept, and monitors the approval process for all matters relating to Enterprise Risk Management (ERM), including the preparation and management of questionnaires (Risk and Control Self-Assessment – RCSA), the assessment and categorisation of risks and the maintenance of the Risk Register. The effectiveness of risk management processes will remain a key priority for 2025, both for the ERM and the RMSD. In addition, the RMSD, as CySEC’s Second Line of Defence, contributes to the agenda of the SRMC meetings and submits notes and recommendations on risk management issues, ensuring that the Commission is informed and that appropriate corrective measures are taken. The information received by the SRMC ensures that CySEC’s risk exposure is aligned across the entire Organisation, within the risk tolerance and limits set by the Board.

As it comes to the risks associated with CySEC’s regulated entities, the RMSD plays a central and coordinating role in the implementation of the Risk Management Framework for Regulated entities (Risk Based Supervision Framework – RBS-F), which assesses risks at the level of individual regulated entities.

The RMSD plays a key role in coordinating and supporting the Executive Committee for the Risk-Based Supervision Framework (RBS-F). Specifically, it is responsible for organising and coordinating meetings and managing procedural matters, such as preparing the agenda, keeping meeting minutes, and monitoring the implementation of the RBS-F, ensuring the smooth functioning of the Committee and ongoing compliance with the framework.

At the same time, the RMSD is responsible for collecting and analysing data from regulated entities, measuring risks, and preparing publications, bulletins, and analyses that support CySEC's supervisory work. In addition, it actively contributes to the achievement of CySEC's strategic objectives and to improving investor information, thereby enhancing market transparency and confidence.

#### 4.5.2 Objectives for 2025

The Department's goal for this year is to further enhance the efficiency of the risk analysis and assessment process, aiming to continuously improve risk management strategies and develop new tools to ensure financial stability and full compliance with European and international guidelines. Specifically:

- The RMSD will proceed with an annual assessment of operational risks facing CySEC. In this context, the fifth CySEC Risk Assessment Report, covering the year 2024, is expected to be completed and submitted to the Ministry of Finance within the second quarter of 2025.
- As is the case every year, the RMSD will proceed with the annual risk assessment of the regulated entities of the CySEC based on the Risk-Based Supervision Framework (RBS-F), based on data collected from regulated entities as well as data collected internally as part of the CySEC's supervisory activities.
- In addition, the RMSD works consistently to upgrade the RBS-F on an ongoing basis, with the aim of keeping it up to date, monitoring various developments in the legislative framework, the regulated entities, and developments in the environment where CySEC operates. As part of the expansion of the RBS-F with the incorporation of risk indicators relating to ESG pillars and other environmental risks, the RMSD will continue to take part in the European Programme on "ESG Risk Management Framework for the financial sector – Enhancement of CySEC's Risk Based Supervision frameworks on ESG risks," with a completion date set for the third quarter of 2026. Furthermore, the RMSD, in collaboration with the AML/CTF Department, will proceed with compliance with the Guidelines "EBA/GL/2021/16" issued by the European Banking Authority, with the support of an external consultant, as part of the Project that began at the end of 2024. At the same time, the RMSD completed an electronic risk assessment and management system, which allows risk assessments (RBSF Pillar I) to be carried out for each supervised entity and will also be implemented by the Supervisory Departments. Finally, the Early Warning Tool (EWT), which is currently under development, will be continuously enhanced with new indicators and data in line with market developments and emerging risks, with the aim of gradually implementing it for all regulated entities and all risk categories.
- Furthermore, the Department, in collaboration with the Supervision Department, monitors the implementation of a consistent methodology when assessing systemic risk arising from the use of leverage in the AIF sector, based on article 25 of Directive 2011/61/EU (Guidelines).
- Additionally, the Department will investigate whether there are needs for new/additional data points and new infrastructure and tools, in order to thoroughly examine CySEC's internal and external risks, as well as other statistical data on all CySEC-regulated entities and will proceed with their collection and analysis.
- At the same time, the Department, aiming to upgrade the data collection process, will proceed with the modernisation of the Data Collection Forms where necessary, as well as the creation of new data infrastructure.
- Furthermore, to keep investors, regulated entities, and other interested parties informed, the Department will continue to prepare a series of statistical publications, on an annual or quarterly basis, containing key statistical data and market indicators.

- Finally, the RMSD will continue to monitor the developments surrounding innovation and technology and the risks/ opportunities that arise. As part of CySEC's technological upgrade regarding data analysis, the RMSD is working towards transferring all existing reports issued by the Department (such as statistical reports and risk analyses) to the new MS BI system.

### 4.5.3 The Department's Operations

#### 4.5.3.1 Enterprise Risk Management Framework – “The ERM-F”

In 2023, the RMSD successfully completed the Enterprise Risk Management Framework (ERM-F) which since then, is completed every year. The Framework aims to improve existing risk management procedures, clarifying the roles and responsibilities of those involved in risk management, and utilising contemporary tools to facilitate the process of assessing, measuring, monitoring and reporting risks facing CySEC.

Through the integration of the ERM-F into CySEC's operations, the RMSD aims to establish a strong risk management culture, ensuring that CySEC will be able to identify, disclose and manage the risks that arise in a timely manner and with due care, in accordance with their significance and magnitude.

At the same time, the Risk-Based Supervision Framework (RBS-F) is also incorporated into the ERM-F, which measures the risks of all entities supervised by CySEC. This integration contributes to the harmonisation and strengthening of the risk management procedures applied by CySEC.

Moreover, the RMSD drafted and completed a Risk and Control Self-Assessment questionnaire (RCSA). These questionnaires are completed annually by the relevant risk management personnel and are used to assess risks, the effectiveness of existing mitigating controls, and to record future actions that will contribute to reducing the operational risks facing CySEC. After analysing the responses from the questionnaires, an overall assessment of CySEC's operational risks is carried out. The results are used to prepare the Annual Risk Assessment Report, which is submitted to the Ministry of Finance at the end of the first half of each year. The report is reviewed and approved in advance by the Special Committee on Risk Management and the CySEC Board.

Moreover, the RMSD examines various technological tools and software for risk management, with the aim of selecting the most suitable one that will contribute to further strengthening CySEC's risk management processes.

#### 4.5.3.2 Risk Based Supervision Framework – RBS-F

The Risk Based Supervision Framework monitors and measures the risk of all regulated entities. The RBS-F gives CySEC the ability to determine the way in which it will execute its supervision, based on the risk facing each entity, and to focus on those that carry the highest risk.

The RBS-F is implemented for CIFs, ASPs, UCI Management Companies and Issuers on an annual and recurring basis. When implementing the framework, the Risk Cycle which was developed based on international risk management practices, is followed.

As part of the annual update of the RBS-F, several amendments related to its parameters and/or its architecture are made.

The RMSD has taken over the role of coordinating and organising the sessions of the RBS-F Executive Committee which monitors the framework's operation and implementation. In 2024, the Executive Committee held four sessions, which discussed current issues, as regards the risk management of regulated entities.

As part of the expansion of the RBS-F to incorporate risk indicators relating to ESG pillars and other environmental risks, the RMSD is participating in the European Programme on “ESG risk management framework for the

financial sector – Enhancement of CySEC’s Risk Based Supervision frameworks on ESG risks.” As part of the Project, CySEC has hosted two meetings with the Project Coordinator and DG REFORM in Cyprus, attended a meeting in Athens with an interdepartmental mission, and participated in numerous online meetings and training programmes. Furthermore, the RMSD, in cooperation with the AML/CTF Department, will aim to comply with the Guidelines “EBA/GL/2021/16” issued by the European Banking Authority, with the support of an external consultant, as part of the Project, which began at the end of 2024.

The RMSD, in collaboration with the IT Department, has developed a comprehensive digital application/software that allows for the assessment of risks (RBSF Pillar I) per supervised entity and the ability to review and validate the results through interactive reports and graphs. The application serves a range of needs arising in the context of RBS-F, extending beyond risk assessments to other settings and methods of analysis that were not available in existing tools.

The RMSD in cooperation with the Supervision Department has developed an Early Warning Tool (EWT) which will contribute to the improvement and strengthening of CySEC’s RBS-F supervisory framework and the timely management of risks. At first, the framework will be used for Conduct Risk purposes for Cyprus Investment Firms (CIFs). The tool will be able to trace significant changes in companies’ risk profile, along with new or emerging risks. It will operate concurrently with the RBS-F with the purpose of strengthening CySEC’s pre-emptive supervision regarding local and cross-border matters. The EWT’s main goal is to allow CySEC to act pre-emptively, immediately and effectively at any moment, and to also assess and adapt the frequency and degree of its supervision depending on any developments in the market. The EWT analyses the data collected through the different forms submitted to CySEC by the CIFs. In 2024, the EWT was incorporated into the new Power BI software. This new version of the EWT enables users to monitor the overall market picture, trends, and changes, as well as identify potential risks more easily and quickly.

With the introduction of the new category of regulated entities, Crypto-Asset Service Providers (CASP), the Department proceeded in 2024 to collect data through a form published on CySEC’s website. With regard to this specific category of regulated entities, the Department will develop an AML Supervisory Framework based on Risk Management, within 2025, and will then proceed to assess the AML risks to which they are exposed. In addition, in 2025, the RMSD will proceed with the creation and publication of forms for the collection of data from CIFs on matters of conduct.

In the first quarter of 2024, the RMSD, in cooperation with the European Securities and Markets Authority (ESMA), collected data from CIFs on their cross-border activities. The purpose of this collection was to create a report, to be published annually by ESMA, containing statistics and analyses on the cross-border activity of investment firms and banks in all Member States.

Additionally, the RMSD, in collaboration with the AML Department, are collecting information pertaining to AML issues from the branches of other Investment Firms based in Cyprus. The aim of the collection of data from these branches is to calculate the AML risk through the Risk Based Supervision Framework, RBS-F.

#### 4.5.3.3. ESRB Bottom-up Quarterly Survey – Preparation of the Quarterly Systemic Risk Survey

Under its competency to monitor and assess CySEC’s external risks, the RMSD participates in the European Systemic Risk Board’s (ESRB – General Board) meetings as an observer. It is also responsible for completing the ESRB’s Quarterly Systemic Risk Survey which is sent every quarter by the Central Bank of Cyprus on behalf of all Cypriot supervisory Authorities.

#### 4.5.3.4. ESMA Guidelines on AIFMD Directive for Article 25

The RMSD, in collaboration with the Prudential Supervision Team (Supervisory Department) assessed the systemic risk arising from the use of leverage in the AIF sector, in line with ESMA Guidelines on Article 25 of the AIFMD Directive. The objective was to ensure that Supervisors follow a consistent methodology when assessing systemic risk, resulting from the use of leverage in the AIF sector, as well as to make sure that there is a common methodology for assessing and imposing potential measures in relation to the use of leverage. This assessment was conducted to identify AIFs that are most likely to pose risks to the financial system and to assess the potential systemic risks associated with the leverage of those AIFs identified above.

#### 4.5.3.5 Statistical Analysis, Surveys and Bulletins

The RMSD collects and processes a plethora of data and information from regulated entities, as part of assessing their risks but also for further statistical analysis, preparation of reports and specialised surveys, as well as statistical bulletins. The collection and analysis of data by the RMSD contributes to the continuous improvement of risk assessment, to supporting evidenced regulatory decisions and enhancing statistical transparency in regulated sectors.

#### 4.5.3.6 Publications

The Department prepared and posted the following bulletins on the CySEC website:

##### Internal Quarterly Statistical Bulletins

The RMSD publishes internal quarterly statistical bulletins, which include statistical analyses, findings and trends from various sectors. These bulletins aim to:

- Present statistical data on a regular basis.
- Highlight crucial issues and potential risks.

Through these bulletins, the Department raises awareness and improves risk management, promoting effective supervision.

##### Annual Statistical Bulletin

The Department published its 7th Annual Statistical Bulletin which includes key statistical information on all CySEC-regulated entities for the period 2020-2023, with special emphasis on 2023. The Annual Statistical Bulletin for all CySEC-regulated entities will continue to be published once a year and will be enriched with new findings and data. In 2025, the 8th Annual Statistical Bulletin will be prepared and posted on the CySEC website, with data concerning 2024.

##### Quarterly Statistical Bulletins for the sector of Management Companies and Undertakings of Collective Investments

The RMSD prepares quarterly statistical bulletins for Management Companies and Undertakings for Collective Investments. In 2024, it prepared the quarterly statistical bulletins for the last quarter of 2023 as well as for the first two quarters of 2024. The bulletins have been posted on CySEC's website and are a key tool for updating the market regarding the collective investments sector in Cyprus.

## Circulars and announcements

Throughout the year, several announcements and circulars were issued to regulated entities, turning their attention to various issues relating to their continuous obligations.

### 4.5.3.7. Participation in various working groups in Cyprus and abroad

#### ESMA's Risk Standing Committee

The RMSD actively participates in the meetings of the ESMA's Risk Standing Committee (RSC), strengthening Cyprus' presence and ensuring the country's effective contribution to critical issues. The RSC, consisting of representatives of the national capital market authorities of EU Member States, plays a key role in ESMA's mission. It focuses on monitoring developments in financial markets, assessing systemic risks, and providing economic analysis to support ESMA's responsibilities.

In June 2024, CySEC hosted the meeting of the Risk Standing Committee in Cyprus. The meeting was successfully held by the RMSD in cooperation with CySEC's Chairman Office. The meeting provided an excellent opportunity for RSC members to discuss topics such as customer analysis and innovation, sustainability, the macroprudential framework, and the content of the Trends, Risks, and Vulnerabilities (TRV) report. The meeting highlighted the commitment of ESMA and national authorities to promoting stability, supervision, and investor protection within the European financial system.

#### Educational seminars and conferences

Recognising the importance of continuous professional development, the RMSD participated in educational seminars and conferences, aiming to enhance the knowledge and skills of its staff to effectively support its strategic objectives. These concerned Risk Management, Sustainable Finance and ESG, Machine Learning, AI and SupTech, and were conducted both through the EU SDFA as well as through the European "ESG Risk Management in the Financial Sector" programme. They also concerned crypto-assets (MiCA) and Investor Protection in the Digitalisation of Retail Investment Services. Some of these are listed below:

- **Sustainable Finance and ESG**

- 6th Summer School on Sustainable Finance (ESG DG REFORM Project)
- Basic Training on ESG (ESG DG REFORM Project)
- Sectoral Workshops on Good Practices of Use of ESG Data and Information (ESG DG REFORM Project)
- ESMA Training Session on the supervision of sustainability disclosures
- ESMA Training on Greenwashing
- EU ESG Regulatory Framework workshop
- ESMA Training on Social factors in sustainable finance
- ESMA - CySEC: bilateral workshop
- ESMA Training on AIFMD/UCITS requirements to integrate sustainability risks and factors
- ESG TSI: Diagnostic Phase closing workshop
- Greenwashing TSI: ESMA Onsite Mission at CySEC
- ESG risk management framework for the financial sector

- **SupTech and AI**
  - Advanced Training AI/ML for SupTech II (EU SDFA)
  - EU-SDFA AI FINANCIAL SECTOR - EBA
  - ESMA workshop on code-sharing - mutualization of SupTech projects
  - AI in Finance - Supervising AI Risks in the Financial Sector / Use Cases of Machine Learning in Finance
- **Digital Finance and MiCA**
  - Distributed Ledger Technology
  - The Markets in Crypto-Assets Regulation (MiCA)
  - U.S. SEC International Institute Virtual Event - Crypto Asset Market Developments Invitation
  - Digital Finance in the EU: Drivers, Risks, Opportunities
  - ICOs vs. STOs: Understanding Token Offerings
- **Project Management**
  - Advanced Methodologies in Project Management
  - Presentation of the results of the Culture Empowerment Programme
  - Project Management – CySEC Seminar
- **Risk management seminars:**
  - Risk-based Supervision for Securities Regulators from European EMDEs - by IOSCO and the Toronto Center
  - ILAAP - EVALUATION OF LIQUIDITY RISK MANAGEMENT by EUROPEAN SUPERVISOR EDUCATION INITIATIVE (ESE)
  - ESMA WORKSHOP ON CONSUMER PROTECTION AND FINANCIAL INNOVATION
  - Workshop on risk assessment for EU AML/CFT supervisors
  - ESMA Training on Ensuring investor protection in the digitalization of retail investment services
  - ESMA Training on Investor Protection and Digitalization
  - ESMA ADVANCED TRAINING ON MIFID II / MIFIR
  - AML seminar: “The essentials of an ongoing transaction monitoring program”
  - Participation in KNF POLAND AML/CFT Colleges ABOUT XTB
  - U.S. SEC International Institutes Broker dealers in the Securities Markets
  - Macroprudential Policy for Investment Funds

#### Participation in Committees/Working Groups in Cyprus and abroad

In addition to educational seminars, staff from the RMSD participated in meetings of various committees and groups, which are based both in Cyprus and abroad, and examine issues related to the Department’s responsibilities. These committees/groups are as follows:

- **ESMA Committees**
  - Risk Standing Committee (RSC) and its sub-committees (FRWG and IRWG)
  - Data Standing Committee
  - Digital Finance Standing Committee
  - Senior Supervisors Forum (Markets, Investment Management, Investment Services)
  
- **Working Groups within Cyprus**
  - Commercial Real Estate: The RMSD, in cooperation with the Preventive Supervision Team (Supervisory Department) participates in the working group for the implementation of Recommendation 2022/9 of the European Systemic Risk Board (ESRB) on vulnerabilities in the commercial real estate sector in the European Economic Area. This recommendation is being implemented by the Central Bank of Cyprus (CBC) in cooperation with the other Supervisory Authorities.

#### 4.5.3.8 Management of queries submitted to the Department

The Department's daily tasks include managing queries submitted by interested parties via email.

#### 4.5.3.9 Collaboration with other Departments

The RMSD supported the projects and activities of other CySEC departments, when requested, responding to requests for information, data analysis, and expert advice. This contribution helped CySEC carry out its overall work more effectively, boosting the Organisation's overall functionality and cooperation.

## 4.6 IT and Operations Department

*“At a time of rapid technological progress, the IT Department remains at the forefront of innovation, ensuring that the Commission is able to adapt to the modern era. The speed of technological change creates new opportunities and challenges, requiring strategies that will bolster our resilience. Cybersecurity is a cornerstone of our approach, as increasing digital interdependence makes protecting our data and systems more critical than ever. At the same time, digital transformation and the integration of new technologies are shaping our operational future, allowing us to leverage innovative solutions safely and effectively. New European regulations, such as DORA and MiCA, are redefining the regulatory framework, reinforcing the need for compliance, transparency, and resilience in digital infrastructures. With a vision for a secure, innovative, and resilient digital environment, we continue to invest in advanced technologies and strategies that ensure the uninterrupted and secure operation of our information systems. The future is digital, and we are ready to shape it.”*

### Yiannis Kallis

Head of IT and Operations Department

#### 4.6.1 Duties / Competencies

The IT and Operations Department is responsible for managing and upgrading the Commission’s IT systems infrastructure, its website and internal network, as well as other matters relating to the adoption of modern technologies. The main goal is to ensure effectiveness, the safety of data management and uninterrupted communication during the fulfilment of CySEC’s duties, as well as to increase productivity and reduce costs.

#### 4.6.2 Objectives for 2025

In 2025, the IT Department’s efforts mainly focus on bolstering the Commission’s digital resilience and cybersecurity, in order to ensure the uninterrupted operation of critical services and respond to the constantly changing threats of the digital environment. In this context, we will invest in continuous training and specialised seminars for our staff to enhance their readiness to recognize and respond to cybersecurity threats. At the same time, we will adopt new innovative security systems, leveraging advanced technologies such as artificial intelligence and automated threat detection to shield our infrastructure. We will strengthen our information security policies, ensuring stricter control and protection of our data. In addition, we will upgrade our security monitoring and response mechanisms, strengthening our ability to detect and respond to cybersecurity threats in a timely manner. Our strategy also includes integrating best practices, in line with international and European security standards. Through these activities, our Agency will maintain a high level of cyber resilience, ensuring our operational integrity.

Through an extensive study, the IT Department will proceed with an in-depth analysis of the Commission’s procedures, identifying strategic opportunities for automation through cutting-edge RPA (Robotic Process Automation) technologies. The main goal is to develop automatic process standard functions, which will improve effectiveness, minimise human error and enhance the Commission’s overall technological flexibility and resilience. Automation will help optimise operations and reduce operating costs, accelerating crucial procedures and ensuring high levels of reliability and transparency. At the same time, it will boost compliance with modern best practices in digital governance, ensuring that the Organisation remains up to date with the developments of the digital era.

The IT and Operations Department will play an essential role in ICT checks, the onboarding process as well as continuous supervision, ensuring that all stakeholders are fully compliant with the DORA Regulation. In this framework it will adopt enhanced evaluation and monitoring mechanisms, with an emphasis on risk management

and cybersecurity of information systems. The Department's participation will include the analysis and evaluation of third-party providers, the conduct of resilience tests and the implementation of preventive measures to reduce operational and technological risks. At the same time, collaboration with the other Departments will be enhanced to outline a comprehensive governance framework, ensuring ICT procedures remain flexible, secure and fully in line with regulatory demands and best practices.

### 4.6.3 Department Operations for 2024

#### The Role of the IT and Operations Department in Safeguarding Digital Security and Efficiency

The IT and Operations Department is the cornerstone of the Organisation's technological infrastructure, offering specialised expertise and continuous support by maintaining its smooth and uninterrupted digital operation. Through the management and upgrade of IT systems it ensures that technology is used in an efficient and safe manner at all levels of operation. At the same time, it is responsible for protecting digital data and IT resources, implementing cutting-edge cybersecurity strategies to tackle possible threats and risks. Using modern detection and response tools, it prevents cyberattacks and ensures the integrity, accessibility, and confidentiality of the Organisation's data. In addition, it develops and implements security policies, trains staff in digital protection issues and collaborates with external bodies to continuously strengthen defences against modern threats. Through strategic planning and innovation, the IT and Operations Department plays a key role in shaping a resilient and secure technological environment, contributing to the Organisation's uninterrupted and effective operation.

#### New Responsive Website

The IT Department completed the organisation's new website in 2024, incorporating modern technologies and design. The platform's responsive design ensures excellent user experience on all devices, from computers to mobile phones. With easy navigation, dynamic content and improved search functionalities, it offers quick and effective access to information. The website's new structure allows for ease of management and adapts to the needs of users.

#### Automating procedures using Robotic Process Automations (RPA)

The implementation of the first automated RPA procedures in the Strategy, International Relations, and Communications Department was successfully completed in 2024, marking an important step towards digitisation and more efficient task management. This process included categorising outgoing mail in the filing system, ensuring greater accuracy and speed in data recording and retrieval. In addition, a mechanism for linking related files was developed, facilitating document management and overall case oversight. The implementation of these solutions has significantly reduced the time spent on email, while also enhancing transparency and compliance with internal procedures. The successful completion of the project is a key milestone in the effort to modernise the Department's operations and paves the way for further expansion of RPA automation to other areas of the Organisation.



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**Corporate  
Social  
Responsibility  
(CSR)**

Acknowledging the importance of Corporate Social Responsibility, in 2024, CySEC’s staff and management, continued to invest in initiatives that enhance support for vulnerable groups of the population. Through our staff’s generous contributions, inspired by their own creative ideas and the management team’s continuous support, we completed yet another year of substantial action. The most important corporate social responsibility actions of 2024 are listed in detail below:

**Anniversary Report: Ten Years of Social Contribution**

To mark the completion of ten years of social contribution, in February we published an anniversary report, which can be accessed by the public [here](#), referring to our work as well as the impact of our initiatives.



**“Martaki Bracelet 2024” for Telethon Cyprus**

In February, we actively participated in Telethon Cyprus, to promote the symbolic “Martaki Bracelet 2024”. All proceeds went to the Cyprus Institute of Neurology and Genetics, supporting its important work.

**“Walk For Autism” hike**

In March, the Commission held the “Walk for Autism” initiative, a 60km-hike, which inspired and mobilised a lot of people. This action supported the Association of Relatives and Friends of People with Autism, further supporting its work.



**Visit of students from the Special School of Nicosia**

In March, we welcomed students and teachers from the Special School of Nicosia, offering them the opportunity to present their unique skills and raise awareness among our staff about the importance of inclusion.



**“Adopt a Family this Easter” campaign**

In April, as part of this initiative by the Pancyprian Volunteerism Coordinative Council, we supported families facing financial difficulties, ensuring that they had food and presents for Easter.

**17th Blood Drive**

In May, we successfully held our 17th Blood Drive, boosting the national effort to ensure a sufficient supply of blood.

**“All Children with School Supplies” campaign**

In August and September, we collected school supplies, vouchers and cash donations for children from vulnerable families, ensuring their access to education.

**Book collection and fair**

In September, the Commission held a book fair, raising a total of €1,500 for “Alkinoos Artemiou Foundation”, supporting children with oncological and haematological diseases.



**18th Blood Drive**

Our staff’s 18th Blood Drive was held with enthusiasm and high participation in November, highlighting once again our commitment to social action.



**Christmas Initiatives**

CySEC’s Christmas Bazaar raised funds to help a number of families and support their needs for the holiday season. We also received students from the Nicosia Special School, who sang Christmas Carols to our staff. CySEC also supported the school financially.

The past year was full of actions, collaborations and moments that demonstrate the power of collective effort. We would like to thank all colleagues for contributing to the success of our initiatives, actively highlighting the importance of Corporate Social Responsibility.



### **Digital Transformation – Paperless Office**

With a view to minimise the Organisation's environmental footprint, by reducing the use of consumables like paper and ink, CySEC has, since 2014, put in place a modern Central Archiving and Document Management system. Under this technologically advanced system, documents created, received and/or archived by CySEC are now entirely digital. Furthermore, CySEC adopted an e-signature system, enabling the easy and secure submission of documents and data by regulated entities. In this context, CySEC decided that all its publications, such as the Annual Reports and the Statistical Bulletins, will be available exclusively in digital format.

### **Recycling and Energy Conservation**

In 2024, CySEC continued to recycle various materials used in bulk, such as paper, plastic and batteries contributing both to the conservation of energy and materials, as well as to reducing the volume of waste and its negative impact on the environment. At the same time, the Financial Services, Personnel and Training Department is in regular communication with CySEC's staff, encouraging them to save energy and inform them about actions relating to environmental protection.

### **Environmental Protection**

CySEC follows all the measures and guidelines issued by the Energy Service of the Ministry of Energy, Commerce, and Industry, as well as the recommendations of the Cyprus Energy Foundation. In this context, all tenders published by CySEC include specific provisions related to environmental protection.

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