



CYPRUS SECURITIES AND EXCHANGE COMMISSION

TO : **Investment Firms, Issuers whose securities are admitted to trading in the Cyprus Stock Exchange**

FROM : **Cyprus Securities and Exchange Commission (CySEC)**

DATE : **4 October 2006**

CIRCULAR NO. : **(G2006-02)**

FILE NO. : **E.K. 3.1.0**

SUBJECT : **Revocation of CySEC's Circulars 14/2001, 18/2001 and 23/2001 regarding due diligence.**

The Cyprus Securities and Exchange Commission (the 'Commission'), with the present circular, wishes to notify of the followings:

After the Decision A1/2006, which was published in the Republic's Official Gazette on 27 January 2006 with number 4074, and with which the Commission revoke the Decisions:

- A1/2001 regarding the submission of a due diligence report, published in the Republic's Official Gazette on 3 August 2001, and
- A1/(T)/2001 (amendment of A1/2001), published in the Republic's Official Gazette on 14 September 2001,

Decided to **revoke** the following Circulars which were issued as explanatory to the Decisions A1/2001 and A1/(T)/2001:

- Circular no. 14/2001 dated 24 August 2001, named 'Submission of a due diligence report from an independent auditor and an independent legal advisor',
- Circular no. 18/2001 dated 24 September 2001, named 'Clarifications regarding the submission of a due diligence report from an independent auditor and an independent legal advisor',
- Circular no. 23/2001 dated 4 October 2001, named 'Appointment of an independent auditor and an independent legal advisor for conducting the due diligence'.

It is noted that, although the provisions of the Public Offer and Prospectus Law of 2005 (Law 114(I)/2005) impose no express legal obligation for conducting due diligence on the issuer as far as the content of the prospectus is concerned, Article 23(4) of the said Law provides that 'there is a refutable presumption as to the lack of liability of the underwriter, provided that the content of the prospectus was the

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subject of legal and financial due diligence examination exercised at the request of the underwriter, through independent legal advisors and auditors’.

Where the prospectus forms the subject of legal and financial examination, the full text, of any due diligence examination, is filed with the Commission simultaneously with the filing of the prospectus.

Sincerely,

Yiorgos Charalambous
Chairman, Cyprus Securities and Exchange Commission

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