



ANNOUNCEMENT

The Cyprus Securities and Exchange Commission (the 'Commission') announces its decision that the foreign exchange trading transactions, which either do not aim to physically deliver the agreed foreign currency or are not materially settled in cash (foreign exchange spot trading), fall within the ambit of the Law which provides for the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and other related matters (the 'Law').

The Commission decided that the foreign exchange trading transactions which:

- (a) are not materially settled in cash but the change of the position of the client is anticipated, e.g. 'rolling spot forex contracts' or
- (b) have as an object of settlement the difference of value between two currencies, according to their differentiated exchange rates, and the object of settlement is exhausted by the client's disbursed amount of daily security (margin, security deposit)

constitute either futures according to the meaning of paragraph 4 of Part III, Third Appendix of the Law or contracts for differences according to the meaning of paragraph 9 of the aforementioned Part of the Law. Hence, the reception and transmission of orders and the execution of orders in relation to the specific financial instruments is considered to be an investment service which can only be provided by an authorised CIF.

Therefore, the persons which provide the abovementioned activity of foreign exchange spot trading have the obligation to submit an application to the Commission in order to be granted CIF authorisation. Additionally, the CIFs which today provide this activity as 'other activity' have the obligation to immediately apply to the Commission for the amendment of their relevant CIF authorisation.

Each company that submits an application to the Commission for the granting or amendment of their CIF authorisation has to decide by itself, depending on the characteristics of the product, whether to categorise the relevant financial instrument in paragraph 4 or paragraph 9 of Part III, Third Appendix of the Law, i.e. futures or contracts for differences accordingly. The Commission will not intervene in the categorisation of the instrument.

The CIFs which have already been granted authorisation for the provision of investment services in relation to futures or contracts for differences will continue to provide the aforementioned services.

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