
TO : **i. Cyprus Investment Firms**
ii. Regulated Markets

FROM : **Cyprus Securities and Exchange Commission**

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SUBJECT : **ESMA – MiFID II / MiFIR Consultation Paper and Discussion Paper**

The Cyprus Securities and Exchange Commission ('the Commission') wishes, with this circular, to inform the Cyprus Investment Firms and Regulated Markets about the following:

1. The Markets in Financial Instruments Directive (MiFID, 2004/39/EE) is the framework of European Union (EU) legislation for:
 - Investment intermediaries providing services to clients in relation to financial instruments.
 - The organized trading of financial instruments.
2. As you may aware, MiFID is now being comprehensively revised to improve the functioning of financial markets in light of the financial crisis and to strengthen investor protection. The publication of MiFID II / MiFIR (as it is known) in the Official Journal of the European Union is planned for 12 June 2014.

MiFID II/MiFIR introduces changes that will have a large impact on the EU's financial markets, these include transparency requirements for a broader range of asset classes; the obligation to trade derivatives on-exchange; requirements on algorithmic and high-frequency-trading and new supervisory tools for commodity derivatives. It will also strengthen protection for retail investors through limits on the use of commissions; conditions for the provision of independent investment advice; stricter organisational requirements for product design and distribution; product intervention powers; and the disclosure of costs and charges.

3. ESMA has issued a [MiFID II/MiFIR Consultation Paper and Discussion Paper](#) as the first step in the process of translating the MiFID II/MiFIR requirements into practically applicable rules.

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4. ESMA invites stakeholders to send their responses, following the process described in the [Consultation Paper](#) and the [Discussion Paper](#) by Friday 1st August 2014, the latest.
5. The Commission encourages the stakeholders in Cyprus to respond to the above public consultation.

Sincerely

Demetra Kalogerou
Chairman Cyprus Securities and Exchange Commission

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