



CYPRUS SECURITIES AND EXCHANGE COMMISSION

TO : Cyprus Investment Firms
FROM : Cyprus Securities and Exchange Commission
DATE : 9 April 2008
CIRCULAR No : CI144-2008-07
FILE No : E.K. 6.1.14
SUBJECT : Sections 32 and 33 of the Investment Services and Activities and Regulated Markets Law of 2007 ('the Law')

The Cyprus Securities and Exchange Commission (the 'Commission') wishes, with the present circular, to inform the Cyprus Investment Firms (the 'CIFs') of the following:

1. The section 32 (changes in the persons who effectively direct the business of CIF) of the Law specifies the following:

«(1) A CIF must notify the Commission of any changes in the persons who effectively direct its business, along with all information needed to assess whether the new persons to be appointed are of sufficiently good repute and sufficiently experienced, at least one month before the change is brought about.

(2) The Commission may, within the time limit set in subsection (1), refuse to allow the above stated proposed changes to management, if it is not satisfied that the above persons are of sufficiently good repute or sufficiently experienced, or if there are objective and demonstrable grounds for believing that the proposed changes to the management of the CIF pose a threat to its sound and prudent management.»

It is noted that, according to section 2(1) of the Law, the persons who effectively direct the business are the members of the CIF's board of directors and its senior management.

Taking into account the above provisions and within the scope of simplifying the process of examining the said changes, the Commission will notify the CIFs, for its decision, only in cases where it will prohibit the occurrence of the notified changes. The notification will take place within one month from the announcement of the upcoming changes and all the necessary information to the Commission.

This unofficial English text is for information purposes only. The official text is in the Greek language.

In cases where the upcoming changes will be accepted from the Commission, the Commission will not notify the CIFs. It is provided that the CIFs, in cases where they receive no notification from the Commission within one month from the announcement of the upcoming changes and all the necessary information to the Commission, can proceed with the implementation of these changes.

2. The section 33 (acquisition, sale, increase or reduction of CIF holding) of the Law specifies the following:

«(1) A person that proposes to acquire or sell, directly or indirectly, a qualifying holding in a CIF, must notify to the Commission the size of the resulting holding. Such person must likewise notify the Commission if it proposes to increase or reduce their direct or indirect qualifying holding, if in consequence the proportion of the voting rights or of the capital that it holds would reach or fall below or exceed 20%, 33% or 50% or the CIF would become or cease to be its subsidiary.

(2) The Commission may, within three months from the date of the notification provided for in subsection (1), to oppose such a plan if, in view of the need to ensure the sound and prudent management of the CIF, it is not satisfied as to the suitability of the persons referred to in subsection (1). Where the Commission does not oppose the plan, it may fix a deadline for its implementation.»

As far as the provisions of section 33 of the Law are concerned, the Commission will notify the CIFs in all cases, whether the notified acquisitions are allowed or not. The notification will take place within three months from the announcement of the projected acquisitions and all necessary information to the Commission.

Sincerely,

Akis Hadjipieris
Vice-chairman, Cyprus Securities and Exchange Commission