

**TO : Cyprus Investment Firms**

**FROM : Cyprus Securities and Exchange Commission**

**DATE : October 24, 2018**

**CIRCULAR No : C283**

**SUBJECT : Notification of Cyprus Investment Firms to the Cyprus Securities and Exchange Commission regarding their Systematic Internaliser status**

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Further to Circular with number C280 “ESMA’s Publication of Data for the Systematic Internaliser Calculations”, the Cyprus Securities and Exchange Commission (‘the CySEC’) wishes, hereby, to inform the Cyprus Investment Firms (‘CIFs’) on the notification that should submit to CySEC when they fall under the definition of Systematic Internaliser (‘SI’). More specifically:

1. Obligation to notify CySEC

According to Article 15(1) and Article 18(4) of Regulation 600/2014 on Markets in Financial Instruments (‘MiFIR’), CIFs dealing on own account that meet the definition of SI as per Article 2(1) of the Law 87(I)2017 (‘the CIF Law’), should notify CySEC accordingly. CySEC will transmit such notification to European Securities and Markets Authority (‘ESMA’). A list of all SIs in European Union (EU) is available on [ESMA’s website](#).

Based on the [data](#) published by ESMA on the aggregated EU-wide trading, CIFs are required to assess whether they are SIs in a specific instrument by comparing the trading they undertake on their own account to the total volume and number of transactions executed in the EU. If a CIF exceeds the relative thresholds, it will be deemed a SI on that specific instrument and has to notify CySEC accordingly.

Taking into consideration that ESMA publication in August 2018, included aggregated EU-wide data only for equity and equity-like instruments and bonds, the present notification applies to CIFs that meet the definition of SI in the aforementioned asset classes. For all other asset classes (ETCs, ETNs, SFPs, securitised derivatives, emission allowances and derivatives) the mandatory SI-assessment will only apply after the first publication of the data for those asset classes on 1<sup>st</sup> February 2019 as set out in the [plan](#) announced by ESMA on 12 July 2018.

However, CIFs are able to opt-in to the SI regime for all asset classes at any time. Therefore, CIFs that wish to opt-in for ETCs, ETNs, SFPs, securitised derivatives, emission allowances and derivatives are required to notify CySEC by filling also the attached form.

## 2. When a notification to CySEC is required

CIFs are required to notify CySEC, on the following cases:

- i. when they start acting as SIs in a class of financial instruments,
- ii. when they cease acting as SIs in a class of financial instruments previously notified,
- iii. when they cease acting as SIs in all the classes of financial instruments previously notified,
- iv. when they opt-in to act as SIs,
- v. for CIFs previously opt-in, when they cease to be a SI.

Please note that the information provided in the notification should always reflect the updated activity of the SI (after the change of status has occurred). For example, if a CIF is acting as a SI in both shares and bonds and this has been previously notified, in case, the CIF ceases to act as a SI in bonds, then it should submit the notification and ticking only the box for shares.

The notification should be submitted to CySEC within two weeks after the publication of aggregated EU-wide trading on instruments by ESMA, which it takes place within a month after the end of each assessment period (please refer to point 3 below).

## 3. Frequency of the assessment for the SI regime

CIFs should perform the assessment for the SI regime on a quarterly basis on the basis of data from the past six (6) months. The assessment period shall start on the first working day of the months of January, April, July and October.

Points 2 and 3 above are presented in the below table for a better understanding of their provisions:

Assessment Period	1 <sup>st</sup> working day of January	1 <sup>st</sup> working day of April	1 <sup>st</sup> working day of June	1 <sup>st</sup> working day of October
Basis of data for the SI assessment	6m before the assessment period	6m before the assessment period	6m before the assessment period	6m before the assessment period
ESMA publication on EU Aggregated Data	1 <sup>st</sup> working day of February	1 <sup>st</sup> working day of May	1 <sup>st</sup> working day of August	1 <sup>st</sup> working day of October
SI Notification to CySEC	15 days after ESMA's publication	15 days after ESMA's publication	15 days after ESMA's publication	15 days after ESMA's publication

#### 4. Market Identifier code

CIFs acting as SIs are required to obtain and state in the notification a Market Identifier Code (MIC). Information as to how to obtain a MIC code, is available [here](#).

#### 5. List of Financial Instruments

The obligations of SI regime apply at the level of each single financial instrument. Therefore, despite the fact that the notification submitted to CySEC includes only the classes of financial instruments, CIFs are required to establish and maintain a list of all financial instruments for which are SIs. The list should be available at any time, for inspection by CySEC.

#### 6. Next steps by CIFs

Taking into consideration the above, CIFs that fall under the definition of a SI, are required to notify CySEC by filling [excel form](#) and submit it to CySEC to [si.notifications@cysec.gov.cy](mailto:si.notifications@cysec.gov.cy) by **November 2, 2018, the latest**.

Kindly be informed that the next notification should be submitted to CySEC by November 15, 2018. For subsequent notifications, please refer to table laid down in point 3 above.

Sincerely

Demetra Kalogerou  
Chairman, Cyprus Securities and Exchange Commission