

TO : Cypriot Investment Firms  
FROM : Cyprus Securities and Exchange Commission  
DATE : 18 February 2011  
CIRCULAR No : CI144-2011-03  
FILE No : E.K. 6.1.14  
SUBJECT : Own funds and capital adequacy ratio of CIFs

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The Cyprus Securities and Exchange Commission ('the Commission') wishes, with this circular, to remind the Cypriot Investment Firms (CIFs) the following:

1. According to section 67 of the Investment Services and Activities and Regulated Markets Law of 2007, as in force ('the Law') and paragraph 11, Chapter 3, Section A of the Directive DI144-2007-05 ('the Directive'), the CIFs must maintain, at all times, the minimum required limits for own funds and capital adequacy ratio.
2. In cases where the own funds and/or capital adequacy ratio fall below the minimum required limit of section 67 of the Law and paragraph 11, Chapter 3, Section A of the Directive, the CIFs must **immediately** notify the fact to the Commission that may, under justified circumstances and at its absolute discretion, set a limited deadline in which the CIFs must remedy the condition.

In that notification, the CIFs must inform the Commission of the reasons which lead to the decrease of its own funds and/or capital adequacy ratio, the actions will take in order to remedy the condition and the timeframe of implementing those actions.

The Commission asks the CIFs to comply fully with the above.

Yours sincerely

Georgios Charalambous  
Chairman, Cyprus Securities and Exchange Commission