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TO : **Regulated Entities:**

- i. **Alternative Investment Fund Managers ('AIFMs')**
- ii. **UCITS Management Companies ('UCITS MC')**
- iii. **Self-Managed UCITS ('SM UCITS')**
- iv. **Self-Managed Alternative Investment Funds ('SM AIFs')**
- v. **Self-Managed Alternative Investment Funds with Limited Number of Persons ('SM AIFLNP')**
- vi. **Companies with sole purpose the management of AIFLNP**
- vii. **Small Alternative Investment Fund Managers ('Small AIFMs')**

FROM : **Cyprus Securities and Exchange Commission**

DATE : **May 19, 2021**

CIRCULAR No : **C448**

FILE No : **01.13.001.002.002**

SUBJECT : **Risk-Based Supervision Framework – Electronic submission of information for the year 2020 (Form RBSF-MC)**

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The present Circular is issued pursuant to section 25(1)(c)(ii) & (iii) of the Cyprus Securities and Exchange Commission Law ('the CySEC Law').

The Cyprus Securities and Exchange Commission ('the CySEC') wishes to inform Regulated Entities about the following:

### 1. Information Requested by CySEC

- 1.1. A new version of the form, **RBSF-MC Version 4** ('the Form') has been issued, which can be found in the [Appendix](#). This Form is issued on an annual basis and aims to collect various statistical information. CySEC will use this information, for the purposes of statistical analysis and risk management, among other things.
- 1.2. The Form must be completed and **successfully submitted** to CySEC, by **all Regulated Entities that were authorised, appointed or approved to act as External Fund Managers (in case no authorisation is required by the relevant legislation), by December 31, 2020**. In this respect, Regulated Entities that were authorised, appointed or approved to act as External Fund Managers by December 31 2020, but have not made use of their authorisation or appointment, must also submit the Form.
- 1.3. The Form must be successfully submitted electronically via CySEC's Transaction Reporting System ('TRS') **by 15:00 hrs, Friday, June 18, 2021, at the latest.**

- 1.4.** The steps that the Regulated Entities will have to follow, for the successful submission of the Form to the TRS, can be found [here](#). Upon submission, the Regulated Entities are responsible to ensure that they have received a **feedback file**, i.e., an official submission confirmation dispatched by the TRS in the Outgoing directory.
- 1.5.** The feedback file will either contain a NO ERROR indication or, in the case that any error(s) has/have occurred during submission, it will contain a description of that/those errors. In case of any errors detected during submission of the Form, the Regulated Entities must review the Form and ensure that all errors are addressed and corrected before they digitally sign (only applicable for Excel files) and re-submit the Form. **The Form is regarded as being successfully submitted to CySEC only when a NO ERROR indication feedback file is received, within the deadlines set out in point 1.3 above.**
- 1.6.** CySEC emphasises the importance of meeting the deadline of **15:00 hrs Friday, June 18, 2021** and stresses that **NO extensions will be granted.**
- 1.7.** **Failure to promptly and duly comply with the above, will bear the administrative penalties of section 37(5) of the CySEC Law.**

## **2. Amendments in the Form in relation to the definition of the Number of Undertaking of Collective Investments (UCIs)**

For the purposes of completing the Form, please note that when questions require information about the number of UCIs, the sub-fund(s) of an umbrella fund, should be considered as fund(s). This amendment affects:

- **Section B** (Question 1.5)
- **Section I** (Reporting the information at the level of each sub-fund)

### **Examples:**

1: A Regulated Entity has one UCI under management, which has three sub-funds. The answer to question 1.5 (Section B) is three.

2: A Regulated Entity has one UCI under management, which does not have sub-funds. The answer to question 1.5 (Section B) is one.

3: A Regulated Entity has two UCIs under management, one has three sub-funds, and one with no sub-funds. The answer to question 1.5 (Section B) is four.

## **3. Information no longer required**

Section J (Breakdown of AUM based on the investment strategy) as requested in previous versions of the Form, is no longer requested. Please note that the order of the subsequent sections is not amended.

#### 4. New Information Requested

Below we list the different new information, requested in this version of the Form.

##### 4.1. Section B – Clientele

Six additional questions are added in this Section, as follows:

**Question 12.1:** Number of unitholders (natural or legal persons) who directly purchase units in UCIs on their own account, and not on behalf of other underlying investors.

**Question 12.2:** Number of unitholders that are legal persons that as part of their economic activity, directly purchase units of in their own name and exercise control over the investment, for the ultimate benefit of one or more third parties, who do not control the investment or investment decisions.

**Question 12.2.1:** Number of third parties, as defined in question 12.2.

**Question 12.3:** Number of unitholders that are legal persons (i.e. financial intermediaries), that act in their own name and are the registered owners of the units of investments, but act on the account of, and pursuant to specific instructions, on behalf of one or more third parties. (e.g. Because the financial intermediary is a nominee, broker, multi-client pooled account/omnibus type account operator or operator of a similar passive-type arrangement).

**Question 12.3.1:** Number of third parties, as defined in question 12.3.

**Question 12.4:** Number of unitholders that are customers of legal persons, (e.g. financial intermediaries customers), where the legal persons are not the registered owners of the units. (e.g. Because the UCI uses a financial intermediary to distribute fund units, and the investor purchases units through the legal person and the legal person does not become the legal owner of the units.)

##### 4.2. Section F - Governance and Ownership

Two additional questions are added in this Section as follows:

**Question 1.4:** Does the Regulated Entity have any Board Members and/or shareholders who are Politically Exposed Persons (PEP)?

**Question 1.5:** Does the Regulated Entity have any Board Members and/or shareholders that obtained residency or citizenship in Cyprus in exchange of capital transfers, purchase of property or government bonds, or investment in corporate entities in Cyprus?

##### 4.3. Section I - Details of each Undertaking of Collective Investments (UCI) under Management

This section, requests information at the level of each UCI. As mentioned in paragraph 2, **Section I** is affected by the amendment in the definition of the Number of UCIs. Therefore, the Regulated Entities should complete one column for each UCI, as reported in Section B-Question 1.5.

The following new questions are added in this Section, as follows:

**Question 2.1:** Is the UCI an open-ended or closed-ended fund?

**Question 2.2:** Further description of the UCI.

**Questions 6.1-6.3:** Number of Unitholders by type of unitholders (Retail, Well-Informed, Professional).

**Question 8.1-8.3:** NAV held by Unitholders by type of Unitholders (Retail, Well-Informed, Professional).

**Questions 8.4-8.5:** % of NAV held by Top-5 Unitholders, and by the top Unitholder respectively.

**Question 8.6:** Part of NAV invested in Cyprus.

**Question 8.7 - 8.17:** Part of NAV invested in several types of assets (i.e. Real estate, Private Equities, Listed Equities, Financial Derivatives, other UCIs, Money Market Instruments, Commodities, Cash and Cash Equivalent, Bonds, Cryptocurrencies and other type of assets).

**Question 10:** Have Liquidity Management Tools been used during the reporting year? (e.g. Increase in the existing redemption/exit fees, Suspension of redemptions, Gate/ activation of deferred redemptions, Redemptions in kind, Change in the dealing frequency of the fund, Side pockets, Other).

**Question 11:** Have Efficient Portfolio Management Techniques (EPMT) been used during the year? (i.e securities lending, repurchase agreements and reverse repurchase agreements)

**Question 11.1:** What is the % of NAV as at the reference date that is subject to EPMTs?

**Question 12:** Has the UCI engaged with the issue of loans (loans origination)?

**Question 12.1:** If the answer in question 12 is Yes, then complete the % of NAV, as at the reference date, relating to the portfolio of loans issued. Otherwise, write 0 (zero).

**Question 13:** Has the UCI acquired a portfolio of loans or a direct right to a loan, thus establishing a relationship between the lender and the borrower?

**Question 13.1:** If the answer to Question 13 is Yes, then complete the % of NAV, as at the reference date, relating to the portfolio of loans or the direct rights to the loans acquired. Otherwise complete 0 (zero).

**Question 14.1-14.2:** Use of Valuers.

#### 4.4. Section K - Products, Services and Transactions

**Questions 1.1, 1.2, 2.1 – 2.4 and 3.1:** Within the new version of the Form, these questions request the number of customers instead of YES/NO.

**Questions 2.5 - 2.6:** These questions used to comprise a single question in the previous version of the Form, under the number 2.4. Within the new version of the Form, these questions request the number of customers instead of YES/NO.

#### 4.5. Section L - Countries and Geographical Areas

**Questions 1.1 – 1.4:** Within the new version of the Form, these questions request the number of customers instead of YES/NO.

#### 4.6. Section N - Customers Analysis (This is an entirely new section)

This new section consists of the following 13 new questions, relating to the Regulated Entities' customers:

**Question 1:** Customers whose activities are related to donations, crowdfunding, non-profit organisations, import/export of goods, weapons trading, or virtual assets.

**Question 2:** Customers whose activities are related to cash-intensive businesses.

**Questions 3-4:** Customers' relations with Non-Profit Organisations (NPO).

**Question 5:** Customers' close links with TF.

**Question 6:** Customers with complex structures.

**Question 7:** Customers involved in virtual assets.

**Question 8:** Customers' method of payment.

**Question 9:** Customers' financial assets/instruments/investments.

**Question 10:** Customers' volume and number of transactions in cross-border transactions of currency and bearer negotiable instruments (CBNIs).

**Question 11:** Customers' volume and number of transactions in incoming Cross-Border Wire Transfers (CBWTs).

**Question 12:** Customers' volume and number of customers' currency conversions.

**Question 13:** Customers' suspicion reports (STRs/SARs) on TF submitted to FIU.

#### 4.7. Section O - Internal Policies and Procedures (This is an entirely new section)

This new section consists of 46 new questions, mostly concerning the internal policies and procedures of Regulated Entities.

In addition, Questions 17-19, 22-23 and 28 request information about the percentage (%) of customers, for whom the Regulated Entity has performed specific tasks, during the reporting period, information about suspicious activity and transaction reporting and information about the times that the AML/CFT has been an agenda item at meetings held throughout the reporting period.

Questions 33-46 request an evaluation of the quality and effectiveness of the Regulated Entity's processes, on a scale from 1 to 10, with 1 meaning 'Poor' and 10 meaning 'Excellent'.

#### **4.8. Section P - Geographical Analysis** (This is an entirely **new section**)

This new section consists of 6 new questions related to geographical analysis, as follows:

**Question 1:** Please analyse the total number of natural persons (customers and customers' beneficial owners), per country of residence.

**Question 2:** Please analyse the total number of customers (legal entities), per country of registration.

**Question 3:** Please analyse the total number of PEP customers and/or PEP beneficial owners, per country of residence / incorporation, as at the reference date.

**Question 4:** Please select the countries (other than Cyprus), where the Regulated Entity has presence.

**Question 5:** Please select the countries (other than Cyprus), with which the Regulated Entity has financial and other trade links.

**Question 6:** Please select the countries (other than Cyprus), where the Regulated Entity has business promotion establishments.

## **5. General Comments for the Form**

**5.1.** The Form will be available **only in English**.

**5.2.** Regulated Entities are required to report data in **EUR**, rounded to the nearest unit.

**5.3.** Please always ensure that you have the latest version of the Form, i.e. **Version 4**.

**5.4.** Instructions on the completion of the Form can be found in the Form's 'instructions' worksheet.

**5.5. Before submitting the Form, please ensure that all validation tests that are contained in the Form (Sections A, B, C1, C2, D, E, F, G, H, I, J, K, L, M, N, O and Validation Tests Worksheet) are **TRUE** (Green Colour).**

## 6. How to create, sign and submit the Form to CySEC

After populating the required Excel fields in the Form, the Regulated Entities should name their Excel file in accordance with the following naming convention:

Username\_yyyymmdd\_RBSF-MC

The information below explains the naming convention:

- (1) **Username** – is the username of the TRS credentials, which should already be in the possession of the Regulated Entities, which have previously submitted any electronic file to the TRS system. This codification should be entered in capital letters.  
Regulated Entities, that have not previously requested their TRS credentials, can do so by following the instructions available at our website [here](#), which provides further information about the TRS.
- (2) **yyymmdd** – this denotes the end of the reporting period of the Form. In this case, the Form should have a 20201231 format. Future forms will have different reporting periods.
- (3) **RBSF-MC** – this is the coding of the Form RBSF-MC, that remains unchanged and should be inserted, exactly as it appears.
- (4) **The Excel® must be of 2007 version and onwards.** Excel will add the extension .xlsx as soon as it is saved. This extension should not be inserted manually, under any circumstances.

## 7. Support

### 7.1. Queries on how to complete the fields of the Form

Should you have any queries on the completion of Form RBSF-MC, please submit them **only** in writing, any day **PRIOR to Friday, June 11, 2021**, by sending an email to [riskstatistics.fundmgrs@cysec.gov.cy](mailto:riskstatistics.fundmgrs@cysec.gov.cy). All email communication should have the Regulated Entity's full name and the TRS coding, in the subject line.

### 7.2. Technical Queries on digitally signing and submitting the Form

For technical matters on digitally signing and submitting the Form, REs are advised to frequently visit the CySEC website at the specified [section](#). For further clarifications, REs can send an email to [information.technology@cysec.gov.cy](mailto:information.technology@cysec.gov.cy).

All email communication with CySEC should include the REs full name and the TRS coding, in the subject line.

Yours sincerely,

Demetra Kalogerou  
Chairman, Cyprus Securities and Exchange Commission