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UNOFFICIAL CONSOLIDATION OF THE DIRECTIVE FOR THE PREVENTION AND SUPPRESSION OF MONEY LAUNDERING AND TERRORIST FINANCING (REGISTER OF CRYPTO ASSETS SERVICES PROVIDERS)

DIRECTIVES FOR THE PREVENTION AND SUPPRESSION OF MONEY LAUNDERING AND TERRORIST FINANCING (REGISTER OF CRYPTO ASSETS SERVICES PROVIDERS)

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The Cyprus Securities and Exchange Commission, exercising the powers vested in it under paragraph (4) of Section 59 and subparagraph (c) of paragraph (1), subparagraphs (a), (b) and (c) of paragraph (5), subparagraph (b) of paragraph (6), subparagraph (b) of paragraph (7), subparagraph (b) of paragraph (8), subparagraphs (a), (b), (c) of paragraph (9), subparagraphs (a), (b), (c) of paragraph (10), subparagraph (a) of paragraph (11) of Section 61E of the

Law on the Prevention and Suppression of Money Laundering Activities, for the purposes of harmonizing Article 1, paragraph (29) of the European Union Act titled:

Official Journal of the
EU: L 156,
19.6.2018,
p.43.

"Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU"

issues the following Directive:

PART I
INTRODUCTORY PROVISIONS

Short title.
R.A.D. 269/2021
R.A.D. 384/2021

1. This Directive will be referred to as the Directive for the register of crypto asset services providers

Definitions.

2. (1) In this Directive, unless the context shall prescribe otherwise:

"Independent Member" means the member of the Board of Directors of the CASP who has no relationship or links in the present or recent past with the CASP or with the other members of the Board of the CASP, which could affect the member's objective and balanced judgment and reduce the member's ability to make decisions independently;

"Initial capital" means the amount of the initial capital of the Annex, which is comprised of the elements and capital instruments of subparagraph (2) of paragraph 14;

"Applicant" means the Crypto Asset Services Provider;

"Crypto-assets' addresses" means all public addresses of crypto-assets and/or of public keys/digital wallets controlled by the CASP that are used or can be used in the operation of the CASP in relation to each crypto-asset;

"Qualifying holding" has the meaning ascribed to it in paragraph (1) of the section 2 of the Law;

"Auditor" has the meaning ascribed to the term "statutory auditor" in paragraph (1) of Section 2 of the Auditors' Law;

53(I) of 2017
171(I) of 2017
7(I) of 2018
69(I) of 2019
12(I) of 2020.

Official
EU Journal: L 176,
27.06.2013,
p. 1;
L 314,
05.12.2019,
p. 1.

"Regulation (EU) No 575/2013" means the act of the European Union titled Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as has been corrected and amended by Regulation (EU) 2019/2033 of European Parliament and of the Council of 27 November 2019;

"Register" or "CASP Register" means the Register of Crypto Asset Services Providers created and maintained by the Cyprus Securities and Exchange Commission, pursuant to paragraph (1), of section 61E of the Law;

188(I) of 2007
58(I) of 2010
80(I) of 2012
192(I) of 2012
101(I) of 2013
184(I) of 2014
18(I) of 2016

"Law" means the Prevention and Suppression of Money Laundering Activities Law;

CORR. E.U. Par.
l(l), No. 4564
13(l) of 2018
158(l) of 2018
81(l) of 2019
13(l) of 2021

Official Journal
of the EU: L 182,
29.6.2013,
p. 19.

"Directive 2013/34/EU" means the act of the European Union titled "Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC", as last amended by Directive 2014/102/EU of the Council of 7 November 2014;

"durable medium" means any instrument which:

(a) enables a client to store information addressed personally to that client in a way accessible for future reference and for a period of time adequate for the purposes of the information; and

(b) allows the unchanged reproduction of the information stored;

"close links" means a situation in which two or more natural or legal persons are linked by:

(a) participation which means the ownership, direct or by way of control, of at least 20% of the voting rights or capital of an undertaking;

(b) control which means the relationship between a parent undertaking and a subsidiary, in all the cases referred to in Article 22, paragraph 1 and 2, of Directive 2013/34/EU, or a similar relationship between any natural or legal person and an undertaking, any subsidiary of a subsidiary undertaking also being considered a subsidiary of the parent undertaking which is at the head of those undertakings;

(c) a permanent link of both or all of them to the same person by a control relationship;

"Relevant offense" means -

(a) any offense under the law governing banking, financial activities, as well as securities and insurance activities, or in relation to securities markets or means of payment;

(b) any offense involving fraudulent conduct, fraud or financial crime, including money laundering and terrorist financing, market manipulation, insider trading, usury and corruption;

(c) any tax offense;

(d) any other offense under corporate, bankruptcy, insolvency or consumer protection law;

"Third country" means a country which is not a member of the European Union or a Contracting Party to the Agreement on the European Economic Area, signed in Porto on 2 May 1992 and adapted by the Protocol, signed in Brussels on 17 May 1993, as this Agreement is further amended from time to time.

(2) Terms used in this Directive and not interpreted otherwise have the meaning ascribed to them by the Law.

Scope.

3. This Directive applies with respect to Crypto Asset Services Providers in the context of the application of paragraph (2) of section 61E of the Law.

Persons that are not subject to registration in the CASP Register.

3A. A person that is not subject to registration in the CASPs' Register, pursuant to the exemption of subparagraph (b) of paragraph (2) of section 61E of the Law, must submit a notification to the Cyprus Securities and Exchange Commission, providing evidence in relation to the validity of its registration with a national competent authority

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of another Member State, for the services or the activities that provides or exercises, in order to fulfil the requirement of paragraph (4) of section 61E of the Law. Where a person is registered in more than one registers of other Member States, that person must provide evidence in relation to each and every registration. A person that provides or exercises crypto-assets' services or activities in the Republic, must inform the Cyprus Securities and Exchange Commission in case of deregistration from the register of a Member State or in case of amendment of registration in a register of a Member State.

PART II
REGISTER OF CRYPTO ASSET SERVICES PROVIDERS

Register of CASPs.

4. The Cyprus Securities and Exchange Commission publishes the CASP Register on its website, which is accessible to the public, providing the following information regarding the CASPs that are registered:
- (a) The name, trade name, legal form and legal entity identifier of the CASP;
 - (b) the physical address of the CASP;
 - (c) the services provided and/or the activities that the CASP may carry out as defined in subparagraphs (a) to (e), in the definition of "Crypto Asset Services Provider" in paragraph (1) of section 2 of the Law;
 - (d) the website of the CASP.

Submission of an application for registration in the Register of CASP.

5. (1) Subject to the provisions of paragraphs (2) and (3) of section 61E of the Law, for the registration of CASPs in the CASP Register, the applicant shall submit the Application for Registration issued by the Cyprus Securities and Exchange Commission and which is available on its website, duly completed and shall be accompanied by all documents and information specified in it, including:

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- (a) the information referred to in paragraph 4;
- (b) the crypto-assets' addresses of the CASP;
- (c) the crypto-assets in relation to which the CASP provides services or exercises activities;
- (d) the types of clients the CASP services;
- (e) information as to whether the CASP offers payment services in crypto-assets;
- (f) information as to whether the CASP operates crypto-assets ATMs, the number and the exact location thereof;
- (g) the geographic jurisdictions in which the CASP operates;
- (h) information as to whether the CASP is registered or supervised in any other jurisdiction;

(2) The documents and data are submitted in the official language of the Republic or in English and are originals or, where this is not possible, they are true copies of the originals. In case that the documents and data are produced in a language other than the official language of the Republic or in English, their true translation is also submitted.

(3) From the date of submission of the application for registration in the CASP Register until the notification of the decision of the Cyprus Securities and Exchange Commission for the approval or rejection of the registration application, the applicant must notify the Cyprus Securities and Exchange Commission of any change in the information submitted with the application of subparagraph (1).

(4) In the context of reviewing or examining the data and documents of the application for registration, the Cyprus Securities and Exchange Commission may request

clarifications and/or additional data, documents or information, which in its view are necessary for the completion of the review of the application.

(5) The applicant may authorize a person to represent them before the Cyprus Securities and Exchange Commission for any required action arising from the registration process and which is related to the responsibilities of the Cyprus Securities and Exchange Commission, including for the submission of the application for registration.

(6) The Cyprus Securities and Exchange Commission shall inform the applicant and/or where applicable the person authorized pursuant to subparagraph (5), within six (6) months from the submission of a fully completed application, in relation to the registration or not in the CASP Register.

Conditions for the registration in the CASP Register.

6. (1) The Cyprus Securities and Exchange Commission approves an application for registration in the CASP Register, provided that the applicant meets all of the following conditions:

(a) Has submitted to the Cyprus Securities and Exchange Commission all the information, documents and data required by the Application for Registration of subparagraph (1) of paragraph 5 and which may have been requested by the Cyprus Securities and Exchange Commission pursuant to subparagraph (4) of paragraph 5 and, in particular, has submitted the information referred to in paragraph 4 as well as the crypto-assets' addresses;

(b) Ensures that the persons holding a management position in the applicant are honest and competent, which is fulfilled if the persons have a good reputation, knowledge, skills and experience and devote sufficient time to the performance of their duties to the applicant.

For the purposes of this point:

i. "Good reputation" is considered the integrity and morality of the person and is documented if there is no reliable evidence to suggest otherwise so that the Cyprus Securities and Exchange Commission has good reasons to doubt it.

Factors that call into question the "integrity" of the person include a conviction for a relevant offense against the said person or their associates, prosecution for a relevant offense against the said person or against their associates, imposition of administrative sanctions on the said person due to non-compliance with laws and/or regulations governing the financial sector and the inclusion of the person in a sanctions list.

Factors that call into question a person's "morality" take into account their behavior in previous business and supervisory relations, and in particular

- Any indication that it has not been transparent, open and cooperative in its engagement with supervisory or regulatory authorities;
- Any rejection of any application for registration, approval, participation or licensing for the pursuit of a commercial, business or professional activity, any revocation, withdrawal or termination of such registration, approval, participation or licensing and any deregistration from a professional body or association;
- The reasons for any dismissal from a position of employment or from any position of trust, fiduciary relationship or other similar case, as well as any official calls for resignation from such a position;
- Any termination, by the competent authority, of a person who directs the business activities.

ii. "Knowledge" is substantiated by the existence of academic or professional degrees or any of the above in conjunction with continuing training, which on a cumulative basis may satisfy the Cyprus Securities and Exchange Commission that appropriate knowledge exists.

- iii. "Skills and experience" means the person's abilities in the field of administration ("administrative competence") and in the field of activities carried out by the CASP or in a related field ("technical competence"). Administrative competence is demonstrated by the person's previous experience in relevant management positions as a person running the business in other financial institutions. Technical competence is demonstrated by a person's previous experience in matters relating to the operation and management of financial institutions or the provision of investment or other related services with due skill, care, diligence and compliance with relevant standards.

(c) In the case of the Board of Directors, the Board of Directors of the applicant is comprised of at least four (4) persons who meet the requirements of point (b), two (2) of which must direct the business activities of the CASP and two (2) must be independent members.

(d) Ensures that the beneficiaries of CASP are honest and competent, which is fulfilled if they have a good reputation and the ability to maintain the strong financial position of CASP.

For the purposes of this point:

- i. The provisions of point (b)(i) shall apply for the documentation of "good reputation";
- ii. In order to document the "ability to maintain the sound financial position of the CASP", the beneficiaries of CASP should have sufficient financial soundness to ensure the sound and prudent management of the CASP in the foreseeable future (usually three years), for which they should satisfy the Cyprus Securities and Exchange Commission

(e) The close links between the applicant and other natural or legal persons do not preclude the effective monitoring, evaluation and supervision by the Cyprus Securities and Exchange Commission.

Where the natural or legal person with whom the applicant has a close connection is in a Third Country, the laws, regulations or administrative provisions of the Third Country shall not impede the effective performance of the supervisory functions of Cyprus Securities and Exchange Commission;

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(f) When operating online, maintains a website fully owned and exclusively used by the CASP, through which it will operate, without any other person being able to operate through it, except for cases where all of the following conditions are met:

- i. The applicant has undertaken a risk assessment in relation to the risks stemming from not maintaining a website fully owned and exclusively used by the CASP, including in relation to the risks arising for the public, according to which it was deemed that the risks involved are manageable;
- ii. the applicant has in place policies and procedures that can mitigate the risks identified; and
- iii. The Cyprus Securities and Exchange Commission is satisfied as to the criteria of subpoints i and ii and does not object in relation to not maintaining a website fully owned and exclusively used by the CASP.

(g) It has established appropriate policies and procedures to ensure its compliance, including the compliance of its executives, employees and persons to whom functions are assigned to, in accordance with the Law and the Directive of the Cyprus Securities and Exchange Commission on the Prevention and Suppression of Money Laundering and Terrorist Financing.

R.A.D. 157 of 2019
R.A.D. 125 of 2020

(h) It has established appropriate policies and procedures and has appropriate systems and controls in place to ensure the prudent operation of the CASP, including minimizing the risk of theft or loss of its clients' crypto-assets;

(i) Has own funds in accordance with paragraph 14;

(j) Ensure that the performance of its staff is not remunerated or evaluated in a way that conflicts with its duty to act in the best interest of its clients and in particular does not proceed with any arrangements in the form of remuneration, sales targets or otherwise, which could motivate its staff to implement aggressive promotion practices of products or services;

(k) It has sound governance arrangements, with clearly defined, transparent and clearly identifiable reporting lines;

(l) Takes all reasonable steps to ensure the continuous and regular performance of its functions and maintains an appropriate and up-to-date policy to ensure its continued operation and an appropriate and up-to-date data recovery policy and procedures for the timely resumption of its activities, where despite the reasonable measures taken the activity of the CASP is interrupted;

(m) When outsourcing the performance of critical functions to third parties, ensures that reasonable steps are taken to avoid any undue additional operational risk and in any case that the quality of the internal controls of the CASP or the Commission's ability to monitor compliance of the CASP with all of its obligations, are not materially impaired;

(n) Has sound administrative and accounting procedures, internal control mechanisms, effective risk assessment procedures and effective control and safeguard arrangements for information processing systems;

(o) Where the scope, nature, scale and complexity of its activity so require, the CASP has established an internal control function that is independent of its other functions and activities, for the design and execution of its internal control mechanisms of point (n);

(p) It has sound security mechanisms in place to guarantee the security and authentication of the means of transfer of information, minimise the risk of data corruption and unauthorised access and to prevent information leakage, in order to maintain the confidentiality of the data at all times;

(q) Must arrange for records to be kept of all of its activities, including the relevant correspondence, which shall be sufficient to enable the Cyprus Securities and Exchange Commission to exercise its supervisory functions and to take steps to ensure the CASP's compliance with its obligations;

(r) Ensures that the persons employed by it do not perform multiple functions unless the exercise of multiple functions does not prevent or it is not likely to prevent such persons from carrying out any work or function with diligence, honesty and professionalism;

(s) It has appropriate policies and procedures in place to ensure that its clients' complaints are properly resolved;

(t) Ensures that the persons employed by the CASP are honest and professionals and possess the appropriate knowledge for the tasks assigned to them;

(2) Once the application for registration is approved, the Cyprus Securities and Exchange Commission shall immediately register the applicant in the CASP Register.

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(3) The conditions for registration in the CASP Register are fulfilled in relation to:

(a) points (b), (c), (d) and (e) of subparagraph (1), where the applicant is an entity that operates pursuant to legislation in relation to which the competent authority is the Cyprus Securities and Exchange Commission, who has already evaluated these points and was satisfied for their adequacy, for the purposes of that entity's compliance with the legislation governing its operations;

(b) point (i) of subparagraph (1), where the applicant has a licence to operate by the Cyprus Securities and Exchange Commission, pursuant to the Investment Services and Activities and Regulated Markets Law.

Conditions for deregistration of CASPs.

7. (1) The Cyprus Securities and Exchange Commission may remove a CASP from the CASP Register based on subparagraph (b), paragraph (5) of section 61E of the Law, if one or more of the following conditions are met:
- (a) does not provide services in relation to crypto-assets for a continuous period of six (6) months
 - (b) has been registered in the CASP Register on the basis of false statements or in any other irregular manner;
 - (c) has terminated all its services and activities as defined in subparagraphs (a) to (e), in the definition of "Crypto Asset Services Provider" in paragraph (1), of section 2 of the Law, subject to the provisions of paragraph 8;
 - (d) no longer falls under the provisions of paragraph (2) of section 61E of the Law.
- (2) Where the Cyprus Securities and Exchange Commission decides to remove a CASP from the CASP Register on the basis of points (a) to (d) of subparagraph (1) or on the basis of point (iii), subparagraph (a), paragraph (6) of section 59 of the Law, the CASP must proceed to the actions of subparagraph (1) of paragraph 8 and to any other actions may be required by the Cyprus Securities and Exchange Commission, at its sole discretion.

Submission of a request for deregistration of CASPs.

8. (1) A CASP that decides to be removed from the CASP Register as a consequence of termination of all its services and activities as defined in subparagraphs (a) to (e), in the definition of "Crypto Asset Services Provider" in paragraph (1), of section 2 of the Law, shall notify its intention to the Cyprus Securities and Exchange Commission in writing, along with a proposed six (6) months action plan for the implementation of the following actions:
- (a) To inform each client individually about the procedure to be followed within the deadline set by the CASP, for the completion of the transactions, the return of funds and crypto assets, as well as for the submission of any complaints,
 - (b) repay the funds and return the crypto-assets belonging/corresponding to its clients, including any profits;
 - (c) review and resolve all client complaints submitted to it;
 - (d) to settle all its liabilities including any debts to the Cyprus Securities and Exchange Commission.
- (2) The Cyprus Securities and Exchange Commission may request clarifications on the proposed timeline per the action plan, as well as request additional actions to be taken by the CASP, at a specified time, to safeguard the interests of its clients.
- (3) Immediately after the written notification of the Cyprus Securities and Exchange Commission as defined in subparagraph (1), the CASP must:
- (a) Post on all its websites an announcement informing the public about its intention to be deleted from the CASP Register as a consequence of the termination of all its services and activities as well as about the procedure that its clients must follow, within the deadline set by the CASP for the completion of their transactions, the repayment of the funds and the return of crypto-assets, as well as for the submission of any complaints;
 - (b) ensure that it does not provide or carry out services or activities other than those necessary for the completion of the outstanding transactions of itself and its clients, as per their instructions;
 - (c) take steps to ensure that, until it is removed from the CASP Register, it has at least one board member and/or a senior manager to carry out the actions required until the deregistration process is completed.

(4) Upon submission of a written request of the CASP, the Cyprus Securities and Exchange Commission may approve an extension as to the implementation of the actions of subparagraph (1) for a period of up to six (6) additional months, if this is deemed justified.

(5) Where it is not possible to repay all funds and/or the return of all crypto-assets to clients within the timeline set by the CASP as per the action plan for the implementation of actions or within the approved extension, the CASP should inform the Cyprus Securities and Exchange Commission for the additional actions it intends to take to settle the outstanding issue.

The Cyprus Securities and Exchange Commission may remove a CASP from the CASP Register based on subparagraph (b), paragraph (5) of section 61E of the Law, regardless of its inability to return all funds and/or return the crypto-assets to clients at the specified time, provided that the CASP has made arrangements in such that allow for the subsequent fulfilment of its obligations.

(6) If the actions of subparagraph (1) and subparagraph (5), where applicable, are implemented, the CASP informs the Cyprus Securities and Exchange Commission and presents a relevant auditor's certificate.

(7) Where the Cyprus Securities and Exchange Commission decides to remove a CASP from the CASP Register as a result of the application of subparagraph (c) of paragraph 7, the CASP shall immediately, and without any delay, ensure that all references to its websites and elsewhere in relation to its registration in the CASP Register, have been deleted.

(8) The submission of a notification in accordance with subparagraph (1), does not affect the authority of the Cyprus Securities and Exchange Commission to decide on the removal of a CASP from the CASP Register based on:

(a) point (iii), subparagraph (a), paragraph (6) of section 59 of the Law or

(b) of subparagraph (b), paragraph (5), of section 61E of the Law as a consequence of the application of paragraph 7, and in particular in the event that the CASP did not complete the actions of subparagraph (1) within the timelines.

Suspension of registration of CASPs for the purposes of correction of information.

9. (1) The Cyprus Securities and Exchange Commission may suspend the registration of CASP in the CASP Register for a reasonable period of time in cases where for any reason it considers that the information in the CASP Register that is accessible to the public under paragraph 4 is inaccurate and/or incomplete.

(2) Any decision to suspend the registration of CASP in the CASP Register based on subparagraph (1), is taken by the Chairman and/or the Vice-Chairman of the Cyprus Securities and Exchange Commission, who inform the Board of the Cyprus Securities and Exchange Commission at its next meeting.

(3) Where the Chairman and/or the Vice-Chairman of the Cyprus Securities and Exchange Commission suspend the registration of CASP in the CASP Register under subparagraph (1), provide the CASP with a maximum period of seven (7) days to rectify the relevant information and/or to provide explanations to the Cyprus Securities and Exchange Commission.

(4) The CASP must provide correct information and/or explanations to the Cyprus Securities and Exchange Commission within the set deadline.

(5) The Cyprus Securities and Exchange Commission decides then on the continuation or not of the suspension of the registration of the CASP in the CASP Register and, if necessary, corrects the information referred to in paragraph 4.

Suspension of registration of CASPs for suspected non-compliance with the

10. (1) The Cyprus Securities and Exchange Commission may immediately and without any other notice or procedure suspend the registration of a CASP from the CASP Register where there are suspicions of possible non-compliance with any of the registration conditions of subparagraph (1) of paragraph 6.

registration requirements.

(2) Any decision to suspend the registration of CASP in the CASP Register based on subparagraph (1) shall be taken by the Chairman and/or Vice-Chairman of the Cyprus Securities and Exchange Commission, who shall inform the Board of the Cyprus Securities and Exchange Commission at its next meeting.

(3) Where the Chairman and/or the Vice-Chairman of the Cyprus Securities and Exchange Commission suspend the registration of CASP in the CASP Register under subparagraph (1), provide the CASP with a maximum period of fifteen (15) days to comply with the registration conditions of subparagraph (1) of paragraph 6 with which it is suspected that it does not comply and to inform the Cyprus Securities and Exchange Commission of its actions.

It is provided that where the CASP does not respond within the set deadline, the Cyprus Securities and Exchange Commission may proceed as provided in subparagraph (4) without any further notice.

(4) In case that the Cyprus Securities and Exchange Commission:

(a) Is satisfied that the CASP complies with its registration requirements, terminates the suspension of the registration and informs the CASP that it may continue to provide or carry out services or activities on a professional basis in or from the Republic;

(b) Is not satisfied that the CASP complies with the conditions of its registration, calls the CASP to representations under section 38 of the Cyprus Securities and Exchange Commission Law on the possibility of imposing sanctions and measures as defined in paragraph (6) of section 59 of the Law and decides on the continuation or not of the suspension of the registration of the CASP in the CASP Register until the date of a decision.

73(I) of 2009
5(I) of 2012
65(I) of 2014
135(I) of 2015
109(I) of 2016
137(I) of 2018
56(I) of 2019
152(I) of 2020.

(5) For as long as the suspension of the registration from the CASP Register lasts, the CASP must post on all its websites a relevant announcement regarding the suspension of its registration and its inability to provide services and activities, whilst the Cyprus Securities and Exchange Commission includes relevant marking in the Register of CASP.

(6) For as long as the suspension of its registration in the CASP Register lasts, the CASP is not allowed:

(a) To provide or carry out services or activities in connection with crypto-assets;

(b) enter into a business relationship with any person and accept any new client;

(c) be advertised as a CASP, registered in the CASP Register maintained by the Cyprus Securities and Exchange Commission

(7) During the period of suspension of registration, the CASP, may take the following actions without being considered to be in breach of the provisions of point (a) of subparagraph (6), if its existing clients so wish:

(a) To conclude all of its own outstanding transactions and of its clients, as per the clients' instructions;

(b) to repay all funds and return all crypto-assets to its clients;

(c) to transfer existing contracts to another CASP following instructions from its clients, unless it has received other instructions from the Cyprus Securities and Exchange Commission.

PART IV CHANGES

- Change in the information of the CASP Register.
11. In case of changes in the information of paragraph 4 in the Register of CASP, the following shall apply:
- (a) in the event of a change in the information referred to in points (a) and (b) of paragraph 4, the CASP shall submit to the Cyprus Securities and Exchange Commission a request to amend its registration in the CASP Register within one month from the date of the change and the Cyprus Securities and Exchange Commission shall update the information within three (3) days from the receipt of the request.
- (b) in the event of a change in the information referred to in points (c) and (d) of paragraph 4, the provisions of paragraph 12 shall apply.
- Change in the information submitted with the application.
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- 11A. The CASP must notify to the Cyprus Securities and exchange Commission any change in relation to the information of points (c), (d), (e), (f), (g) and (h) of subparagraph (1) of paragraph 5, within fifteen (15) days from the date where the change occurred, the latest.
- Notification of material changes.
12. (1) A change in the following that were a condition for registration in the CASP Register according to paragraph 6, constitutes a material change and a prior notification of the Cyprus Securities and Exchange Commission for obtaining approval is required:
- (a) any change in the services or activities provided or exercised by the CASP as defined in subparagraphs (a) to (e), in the definition of "Crypto Asset Services Provider" in paragraph (1) of Section 2 of Law;
- (b) any change in relation to the crypto-assets' addresses;
- (c) any change to the persons participating in the Board of Directors of the CASP and/or to the persons holding a senior management position in the CASP;
- (d) any change in relation to the beneficiaries of the CASP;
- (e) any change in relation to the website of the CASP.
- R.A.D. 384/2021
- (1a) Irrespective of the provisions of subparagraph (1), where a CASP is authorised by the Cyprus Securities and Exchange Commission to operate, pursuant to the Investment Services and Activities and Regulated Markets Law, it is not required to submit a notification for granting an approval:
- (a) for a change as per point (c) of subparagraph (1), provided that the requirements of sections 9 and 10 of the Investment Services and Activities and Regulated Markets Law are met;
- (b) for a change as per point (d) of subparagraph (1), provided that the criteria of section 14 of the Investment Services and Activities and Regulated Markets Law are met.
- (2) The Cyprus Securities and Exchange Commission approves a material change where the CASP will continue to comply with section 61E of the Law and the directives issued pursuant thereof.
- (3) The notification of material change is accompanied by all the information and documents that are specified in the forms for notification of changes issued by the Cyprus Securities and Exchange Commission, as the case may be.
- (4) In case of approval of a change concerning the services or activities provided or exercised by the CASP according to the provisions of subparagraphs (a) to (e), in the definition of "Crypto Asset Services Provider" in paragraph (1), of section 2 of the Law, the Cyprus Securities and Exchange Commission amends the relevant entry in the CASP Register.

PART V
ORGANIZATIONAL AND OPERATING REQUIREMENTS

- Provision of information to clients or potential clients.
13. The CASP shall ensure that:
- (a) all information, including marketing communications, addressed to clients or potential clients, are accurate, clear and not misleading and that marketing communications are clearly identified as such;
 - (b) provide clients or potential clients with appropriate information on the CASP, its services and the costs and associated charges, in a timely manner;
 - (c) the information referred to in points (a) and (b) is provided in a comprehensible form so that clients or potential clients are reasonably able to understand the nature and risks of the service and of the specific type of crypto-assets offered, allowing thus for decision making on an informed basis. This information may be provided in a standardised format.
- Capital adequacy.
14. (1) The CASP must maintain at all times own funds equal to the greater of the following:
- (a) the amount of the initial capital of the Annex, depending on the nature of its functions and activities;
 - (b) one quarter (1/4) of the fixed overheads of the CASP during the previous year, reviewed annually;
- R.A.D. 384/2021
- It is provided that the CASP is not subject to the aforesaid obligation, where it is authorised by the Cyprus Securities and Exchange Commission to operate, pursuant to the Investment Services and Activities and Regulated Markets Law.
- (2) The capital requirements of subparagraph (1) shall consist of Common Equity the Tier 1 items referred to in Articles 26 to 30 of Regulation (EU) No 575/2013 after the deductions in full, pursuant to Article 36 of that Regulation, without the application of threshold exemptions pursuant to Articles 46 and 48 of that Regulation;
- (3) For the purposes of point (b) of subparagraph (1), the CASP shall calculate the amount of the previous year 's fixed overheads, on the basis of data from the applicable accounting framework, deducting the following items from the total expenditure, after the distribution of profits to shareholders, in the most recent audited annual financial statements:
- (a) staff bonuses and other remuneration, to the extent that they depend on the net profit of the CASP in the respective year;
 - (b) employees', directors' and partners' shares in profits;
 - (c) other appropriations of profits and other variable remuneration, to the extent that they are fully discretionary;
 - (d) non-recurring expenses from non-ordinary activities.
- (4) Where a CASP has not been in business for one year from the date on which it started operating, it shall use, for the purpose of calculation referred to in point (b) of subparagraph (1), the projected fixed overheads included in its projections for the first 12 months' trading, as submitted with its application for registration in the CASP Register.
- Conflict of interests.
15. (1) The CASP must maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps designed to prevent conflicts of interest from adversely affecting the interests of its clients.
- (2) The CASP must take all appropriate steps to identify and to prevent or manage conflicts of interest between itself, including its managers, employees and any person

directly or indirectly linked to it by control, and its clients or between one client and another.

(3) Where the organisational or administrative arrangements made by the CASP in accordance with subparagraph (1) are not sufficient to ensure, with reasonable confidence, that risks of damage to client interests will be prevented, the CASP shall clearly disclose to the client the general nature or/and sources of conflicts of interest and the steps taken to mitigate those risks, before undertaking business on its behalf.

(4) The notification to the client provided for in subparagraph (3) shall be made via a durable medium and shall include sufficient details, taking into account the nature of the client to enable that client to make an informed decision.

PART VI CHARGES AND FEES

Charges and fees.
Section. 61 E(8)(b)

16. (1) For the purposes of examining the application for registration in the CASP Register, the CASP shall pay to the Cyprus Securities and Exchange Commission a fee of 10,000 euros.

Where the application for registration in the CASP Register is approved by the Cyprus Securities and Exchange Commission, the CASP does not pay any fees or charges to the Cyprus Securities and Exchange Commission for the first year of its registration in the CASP Register.

In case an application for registration in the CASP Register is not approved by the Cyprus Securities and Exchange Commission, the fee paid by CASP is non-refundable.

(2) For the purposes of renewal of registration in the CASP Register for a period of one (1) year, the CASP pays a fee of 5,000 euros.

(3) For the submission of a notice of material change, a fee shall be paid as follows:

(a) EUR 1,000 per service or activity for the submission of a notification under point (a) of subparagraph (1) of paragraph 12;

(b) EUR 2,000 for the submission of a notification under point (c) of subparagraph (1) of paragraph 12 per nomination and the amount shall be multiplied by the number of notifications;

(c) EUR 5,000 for the submission of a notification under point (d) of subparagraph (1) of paragraph 12;

(d) EUR 1,000 for the submission of a notification under point (e) of subparagraph (1) of paragraph 12;

PART VII FINAL PROVISIONS

Transitional provisions.

17. The provisions of point (b) of subparagraph (1) of paragraph 14, shall enter into force on 1st January 2022, as follows:

(a) 30% of the relevant amount from 1st January 2022;

(b) 60% of the relevant amount from 1st January 2023;

(c) 100% of the relevant amount from 1st January 2024.

Entry into force.

18. The Directive shall enter into force as of its publication in the Official Gazette of the Republic.

ANNEX (Paragraphs 2 and 14)

CASP

Type of Services in cryptoassets

Initial Capital

Class 1	CASPs that provide investment advice	EUR 50.000
Class 2	<p>CASPs providing the service referred to in Class 1 and/or any of the following services:</p> <ul style="list-style-type: none"> i. reception and transmission of client orders and/or ii. execution of orders on behalf of clients and/or iii. exchange between crypto assets and fiat currency and/or iv. exchange between crypto assets and/or v. participation and/or provision of financial services related to the distribution, offering and/or sale of cryptoassets, including the initial offering and/or vi. placement of crypto assets without firm commitment and/or vii. portfolio management. 	EUR 125.000
Class 3	<p>CASPs that provide any of the services referred to in Class 1 or 2 and/or:</p> <ul style="list-style-type: none"> i. administration, transfer of ownership, transfer of site, holding, and/or safekeeping, including custody, of cryptoassets or cryptographic keys or means enabling control over cryptoassets and/or ii. underwriting and/or placement of cryptoassets with firm commitment and/or iii. operation of a multilateral system, which brings together multiple third-party buying and selling interests in cryptoassets in a way that results in a transaction. 	EUR 150.000