

ANNOUNCEMENT

The Cyprus Securities and Exchange Commission ('CySEC') would like to inform the public that, on 29th June 2021, the Administrative Court has issued a decision in the below joint cases, dismissing the Applications and upholding CySEC's decision for the imposition of administrative fines:

No. 1266/2017, Efthymios Mbouloutas v. Cyprus Securities and Exchange Commission
 No. 1267/2017, Eleftherios Chiliadakis v. Cyprus Securities and Exchange Commission
 No. 1268/2017, Markos Foros v. Cyprus Securities and Exchange Commission
 No. 1269/2017, Panayiotis Kounnis v. Cyprus Securities and Exchange Commission

The Applicants, with their Applications, challenged CySEC's decision dated 8th May 2017, in relation to the adequacy of the loans provisions in the financial statements of **Cyprus Popular Bank Public Co Ltd ('the company')** for the year 2010 and half year 2011 (see [CySEC Announcement dated 22.6.2017](#)), by which the following administrative fines were imposed:

Διοικητικοί Σύμβουλοι	Θέση	Συνολικό Διοικητικό πρόστιμο
Mr. Efthymios Mbouloutas	CEO	€200.000
Mr. Panayiotis Kounnis	Deputy CEO	€140.000
Mr. Eleftherios Chiliadakis	Executive Director	€140.000
Mr. Markos Foros	<ul style="list-style-type: none"> • Non-executive Director • Member of the Risk Management Committee of the Company • Member of the Audit Committee of the Company 	€120.000

The Administrative Court, according to the decision dated 29th June 2021, rejected all the reasons advocated by the Applicants for the dismissal of the CySEC decision. Among those reasons rejected, was that CySEC's decision that the financial statements of the company were not in accordance with the International Accounting Standards was wrongful since those had been audited by licensed audit firms.

The Administrative Court concluded that on the basis of the Transparency Requirements (Transferable Securities Admitted to Trading on a Regulated Market) Law (L.190(I)/2007), it does not matter whether the financial statements have been audited by licensed audit firms, since the purpose of the respective law, is the investors'

protection and the sanctioning of persons, who because of their position, have personal obligation to confirm the true and fair view of the assets and liabilities of the issuer.

The Administrative Court decided the following (abstract):

«The purpose, therefore, of the legislator, is not just the publication of the financial reports of the company, each year and each half-year, which include the financial statements of a company and if these are audited by a licensed audit firm, the issue would end there.

The purpose of the legislator, is the provision to the investors information regarding the true and fair view of the assets and liabilities of the issuer and its general economic condition, including its profits and losses.

It is here that it is imperative, on the part of the members of the Board of Directors of the issuer, to give their personal statement for the financial condition of the company. It is on the basis of this necessity, that the relevant provisions of article 40 of the Law have been enacted, which prohibit the provision of false or misleading statements to the investors. And this without the provisions of the Law to refer to any guilty intent for the provision of misleading statements.

[.....]

*According to my judgment, Commission's decision on the issue whether the financial statements were true and fair is justified without the applicants being able to prove any misconception on the part of the Commission. **Bearing in mind the relevant legislation, L.190(I)/2007, it does not matter whether the financial statements have been audited by licensed auditors since the purpose of the legislation is the protection of the investors and the sanctioning of the members of the Board of Directors, who because of their position have a personal obligation to declare the true and fair picture of the assets and liabilities of the issuer.**» (added emphasis)*

Further to the above, the Administrative Court rejected all the arguments of the Applicants, deciding that, article 12 of the Constitution does not apply since this is an administrative sanction, the current case does not bear any resemblance with the facts and CySEC's conclusion in a previous case against the Applicants, no prejudice on the part of the Chairwoman of CySEC has been proved, there has been no delay in investigating the case, the right to be heard was provided and that CySEC took into consideration the mitigating factors for the imposition of the administrative fine which indicates the compatibility of the sanctions with the principle of proportionality.

Full details of the Administrative Court's decision can be found [here](#).

Nicosia, 5 July 2021