
TO : Cyprus Investment Firms ('CIFs')

FROM : Cyprus Securities and Exchange Commission

DATE : 21 April 2021

CIRCULAR No : C442

SUBJECT : Updates regarding the new prudential framework for Investment Firms (IFD/IFR) and CySEC's Data collection exercise

The Cyprus Securities and Exchange Commission ("CySEC") wishes with this Circular to inform the Cyprus Investment Firms ('CIFs') about the following:

A. Updates on the new prudential framework for Investment Firms

1. On 6th March 2020, CySEC issued the [Circular C355](#) 'New prudential framework for investment firms', and a related [Practical Guide](#), introducing the new prudential framework for investment firms ("IFR/IFD")¹, which will replace the existing prudential requirements of investment firms, currently set out in the Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment Firms (the "CRR") and the European Directive 2013/36/EU (the "CRD IV"), which comes into force **on 26th June 2021**.
2. On 2nd February 2021, CySEC issued the [Circular C426](#) 'Updates for the new prudential framework of Investment Firms (IFD/IFR)', referring to the European Banking Authority's ('EBA') publication of seven (7) final draft Regulatory Technical Standards (RTS) which EBA has adopted and submitted for approval to the European Commission related to the implementation of IFR and IFD. These final draft RTS can be also found [here](#).
3. On 5th March 2021, the EBA published its final draft Implementing Technical Standards ([ITS](#)) which it has adopted and submitted for approval to the European Commission on the supervisory reporting and disclosures of investment firms, **introducing the final set of reporting templates and also their reporting and remittance days to the national competent authorities**.

¹ [Regulation \(EU\) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations \(EU\) No 1093/2010, \(EU\) No 575/2013, \(EU\) No 600/2014 and \(EU\) No 806/2014 \('IFR'\)](#)

[Directive \(EU\) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU \('IFD'\)](#)

The final set of reporting templates can be found [here](#). Note that CySEC is currently in the process of enhancing them and intends to publish the new templates that the CIFs will use for the calculation of their prudential requirements based on IFR/IFD, by early June 2021.

CySEC would like to emphasize that all CIF should start familiarize themselves with the final set of reporting templates issued by the EBA as CySEC's enhancements will not affect the information that needs to be reported.

B. Reporting under IFR/IDR

4. Reporting dates

CIFs shall submit their reporting requirements to CySEC on the following reference dates:

- (a) Quarterly reporting (for Class 2 CIFs): 31 March, 30 June, 30 September and 31 December;
- (b) Annual reporting (for Class 3 CIFs): 31 December.

The **first** official reporting reference date for **Class 2** CIFs, under IFR/IFD, shall be for **30th September 2021**, due to be submitted to CySEC by 11th November 2021.

The **first** official reporting reference date for **Class 3** CIFs, under IFR/IFD, shall be for **31st December 2021**, due to be submitted to CySEC on 11th February 2022.

CIFs that are under consolidated supervision by CySEC should submit both solo and consolidated information, within the deadlines mentioned above and using the same set of reporting templates.

- 5. Since the new prudential framework comes into force on 26th June 2021, **no** COREP submission² shall be made to CySEC based on the existing framework of CRR and CRDIV for the reporting period ending 30th June 2021.

Thus, the last period of COREP submission to CySEC under the CRR and CRDIV shall be for the period ended 31st March 2021 (due for submission to CySEC on 12 May 2021). The COREP forms for 31st December 2020, based on the results of the audited financial statements for 2020, should be submitted as normal, by the deadline of 31st May 2021.

- 6. **CySEC will have a testing submission for ALL CIFs based on the IFR/IFD reporting templates, so that the CIFs familiarize themselves with the new prudential requirements and the new reporting templates before their first official submission, as stated in point 4 above. The reporting reference date for this testing submission shall be for 30th June 2021 and the due date for submission to CySEC will be early September 2021. More details regarding this testing submission will be provided at a later stage.**

² CySEC's Forms 144-14-061, 144-14-07, 144-14-081, 144-14-082, 144-14-083, 144-14-09

Until then, all CIFs are urged to review their internal records and systems so as to make the necessary changes, if any, to ensure that the required data for their K-Factors are readily available to calculate their new capital requirements.

C. CySEC's Data Collection Exercise

7. Following the above, CySEC launches a Data Collection Exercise **addressed to ALL CIFs, the purpose of which is to determine the Class that each CIF will be categorized at**, as from 26th June 2021, when the IFR/IFD comes into force.

8. Thus, all CIFs are expected to complete the Data Collection Template ('the Template') which can be found [here](#). Instructions on how to complete the Template can be found on tab 'Summary' and also on the Notes mentioned on tab 'Data collection'.

Note that, for the purposes of this exercise ONLY, where daily values are not available for the calculation of K-Factors, then a CIF may use weekly or monthly figures.

9. The CIFs should fill in the Template and submit it to CySEC via email only, at the electronic address prudential@cysec.gov.cy, quoting as email subject: '*CIF TRS Code _ IFR Classification*'.

10. The excel file Template that will be submitted to CySEC should also have the following naming convention: '*CIF TRS Code _ IFR Classification*'

11. The Template should be submitted to CYSEC **the latest by 31st May 2021**.

12. In case of any queries regarding the completion of the Template you may contact CySEC via email **ONLY** to prudential@cysec.gov.cy. However, CIFs are kindly requested to go through the relevant instructions set within the Template, prior to submitting any queries to CySEC.

Yours sincerely

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