
TO : **Cyprus Investment Firms**
FROM : **Cyprus Securities and Exchange Commission**
DATE : **October 23, 2013**
CIRCULAR No : **CI144-2013-27**
FILE No : **E.K. 6.1.14**
SUBJECT : **Exercise of supervision on a consolidated basis by the Cyprus Securities and Exchange Commission**

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

1. Part E of the Directive DI144-2007-05 of 2012 of the Commission for the capital adequacy of IFs ('the Directive') refers, among other issues, to the exercise of supervision on a consolidated basis by the Commission.
2. Paragraphs 1, 2 and 3 of Part E of the Directive specify the cases where supervision on a consolidated basis is exercised by the Commission.

Examples of these cases are presented in the attached appendix, for a better understanding of them.

3. CIFs which fall under the cases specified in paragraphs 1, 2 and 3 of Part E of the Directive are supervised by the Commission on a consolidated basis, in addition to the solo supervision already exercised to them by now.

It is clarified that all other CIFs that do not fall under the above cases continue to be supervised by the Commission only on a solo basis.

4. In order to examine the application of the above paragraphs of the Directive, **ALL** CIFs are requested to complete the table in the attached appendix and send it to the electronic email address crdsubmission@cysec.gov.cy by **November 15, 2013, the latest**.

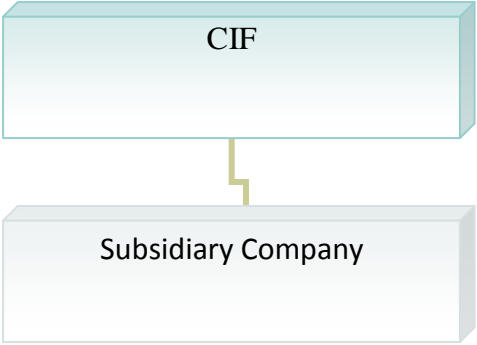
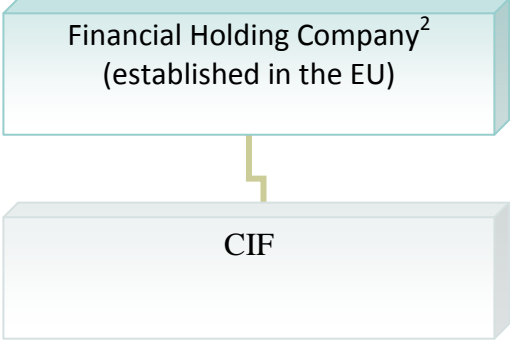
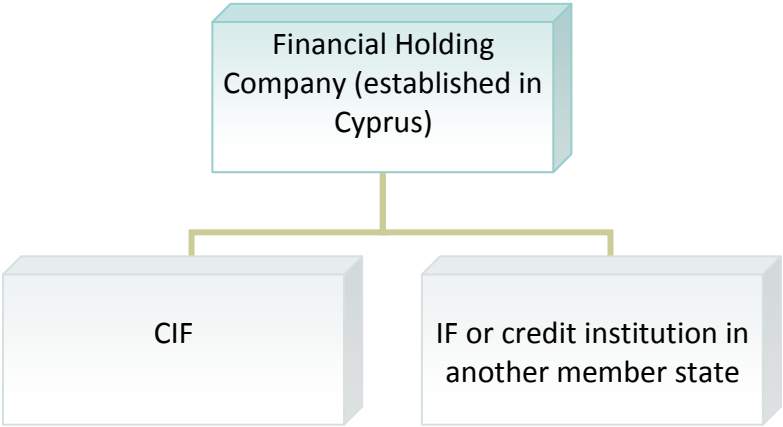
The table must be submitted together with a chart of the structure of the group¹ in which the CIF belongs to, up to the ultimate beneficial owners – natural persons. The chart must include the name of each entity, percentage of holding, country of establishment, activities and competent authority, if applied.

Sincerely,

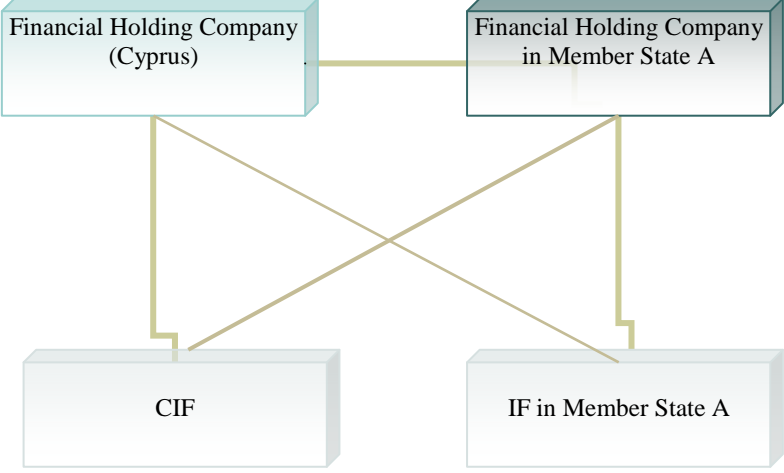
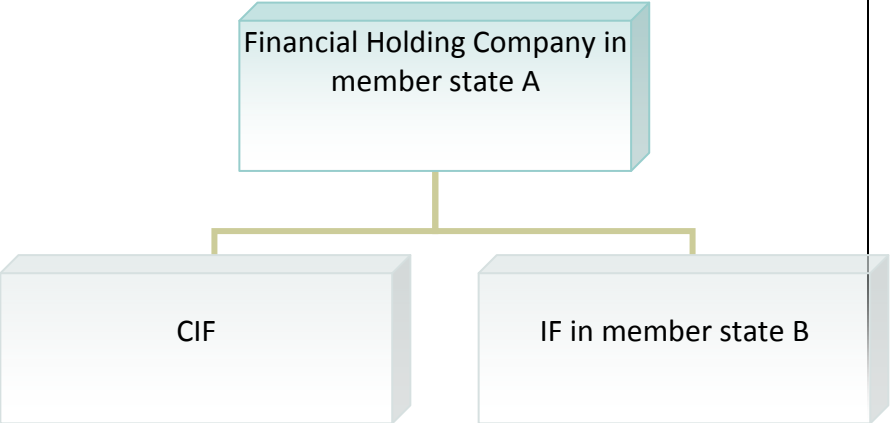
Demetra Kalogerou
Chairman of the Cyprus Securities and Exchange Commission

¹ Refer to section 2 of the Law L144(I)/2007 for the definition of the term ‘group’.

APPENDIX

No./ Legislation	CASES OF EXERCISING CONSOLIDATED SUPERVISION	(input v where applicable)
1. Par. 1(1), 2(1), Part E, Directive	 <pre> graph TD A[CIF] --- B[Subsidiary Company] </pre>	
2. Par. 2(2), Part E, Directive	 <pre> graph TD A[Financial Holding Company² (established in the EU)] --- B[CIF] </pre>	
3. Par. 3(1), Part E, Directive	 <pre> graph TD A[Financial Holding Company (established in Cyprus)] --- B[CIF] A --- C[IF or credit institution in another member state] </pre>	

² *Financial holding company' means a financial institution the subsidiary undertakings of which are either exclusively or mainly credit institutions or other financial institutions, at least one of which is an investment firm, and which is not a mixed financial holding company within the meaning of the Commission Directive DI144-2007-11, Financial Conglomerates Directive, Chapter 1, paragraph 2(27).*

<p>4.</p> <p>Par. 3(1), Part E, Directive</p>	 <p><i>* The Commission exercises supervision on a consolidated basis only if the CIF has the largest balance sheet total.</i></p>	
<p>5.</p> <p>Par. 3(2), Part E, Directive</p>	 <p><i>*The Commission exercises supervision on a consolidated basis only if the CIF has the largest balance sheet total.</i></p>	
<p>6.</p>	<p>None of the above cases³ (give further details)</p> <p><i>In case a CIF falls under this paragraph and is subject to consolidated supervision by another supervisory authority, state the name of the supervisory authority.</i></p>	

³ Include cases where the CIF doesn't belong to any of the above cases and is supervised **ONLY** on a solo basis.

The table below to be filled in by the CIFs fall under the paragraph 4 or 5:

		Balance Sheet total in Euro (€) as at 31/12/2012
1.	CIF	
2.	IF established in another member state	