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TO : Cyprus Investment Firms  
FROM : Cyprus Securities and Exchange Commission  
DATE : April 15, 2016  
CIRCULAR No : C127  
SUBJECT : Transposition of Directive 2014/59/EU (the “BRRD”) – Recovery Plans

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Directive 2014/59/EU on the establishment of a framework for the recovery and resolution of credit institutions and investment firms, for the amendment of the Directive 82/891/EEC and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC 2007/36/EC, 2011/35/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (the “[BRRD](#)”) has been fully transposed into national legislation into a series of recently passed Bills. The following legislation is of interest to Cyprus Investment Firms (“CIFs”) and other entities regulated by CySEC under consolidated supervision:

1. Law 20(I)/2016, “regarding the Recovery of CIFs and other entities under the Supervision of CySEC” (the “[Recovery Law](#)”), which transposes all the relevant provisions of the BRRD relating to the recovery of CIFs<sup>1</sup> and other entities under CySEC’s supervision<sup>2</sup> in the case of an impending systemic and or financial crisis. The Competent authority for the recovery of the said firms is CySEC.
2. Law 21(I)/2016, “regarding the Resolution of Credit institutions and Investment Firms” (the “**Resolution Law**”), which transposes all the relevant provisions of the BRRD relating to the resolution of CIFs and other entities, which is effected by the Resolution Authority. Currently, the designated Resolution Authority is the Central Bank of Cyprus.
3. Law 5(I)/2016, “regarding the Deposit Guarantee Scheme and Resolution of Credit institutions and other institutions” (the “**DGS Law**”), which transposes all the relevant provisions of the BRRD relating to the Resolution Fund, insofar as these are relevant to CIFs and other entities under CySEC’s supervision (e.g. contribution and triggers for activation).

Further to the Practical Guide to the EU Bank Recovery and Resolution Directive issued on 12 of December 2014, which can be found [here](#), the Cyprus Securities and Exchange Commission (“CySEC”) wishes to inform interested parties of the following:

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<sup>1</sup> which are required to hold initial capital of at least EURO 730,000 under section 10 of Law 144(I)/2007.

<sup>2</sup> e.g. holding companies under the consolidated supervision of CySEC

1. The Recovery Law outlines the obligations of CIFs and other entities under CySEC's supervision in relation to preventative and early intervention measures to be taken for the recovery of such an institution from insolvency or likely insolvency. Preventative measures include, among others, the preparation and maintenance, by relevant entities, of recovery plans which include a series of measures to be taken in case of insolvency or likely insolvency of such institutions.
2. In relation to the contents of recovery plans, CySEC wishes to draw your attention to the following Draft Regulatory Technical Standards ("DRTS") and Guidelines, issued by the European Banking Authority (the "EBA"):
  - i. DRTS on the content of recovery plans, specifying the essential items of information a recovery plan is expected to include. The DRTS can be found [here](#).
  - ii. Guidelines on the range of scenarios to be used in recovery plans. The Guidelines can be found [here](#).
  - iii. Guidelines on recovery plan indicators, which shall be established by each institution with the aim of identifying the points at which appropriate actions referred to in the recovery plan may be taken. The Guidelines can be found [here](#).
3. CySEC intends to adopt, to the degree this is desirable or relevant, the contents of the said DRTS and Guidelines as well as any other related DRTS or Guidelines issued by the EBA in the future.
4. CySEC is expected to issue further guidance as to the contents of recovery plans and the time-frames for first submissions in due time.

Sincerely,

Demetra Kalogerou  
Chairman of the Cyprus Securities and Exchange Commission