



## ANNOUNCEMENT

The Cyprus Securities and Exchange Commission (the 'CySEC') would like to draw the attention of the supervised entities, the stakeholders and the investing public to the European Regulation (no. 648/2012) on Over the Counter ('OTC') Derivatives<sup>1</sup>, Central Counterparties ('CCPs')<sup>2</sup> and Trade Repositories ('TRs')<sup>3</sup> ('the Regulation'), which has been published in the official journal of the European Union ('the EU'), on July 27, 2012 and has entered into force, at the Member States, on August 16, 2012.

The Regulation is available on the website of the CySEC, at the following links:

- Greek text:  
[http://www.cysec.gov.cy/Downloads/Events/EuropeanIssues/EMIR/Κανονισμός%200\(EΕ\)%20αρ.%20648-2012.pdf](http://www.cysec.gov.cy/Downloads/Events/EuropeanIssues/EMIR/Κανονισμός%200(EΕ)%20αρ.%20648-2012.pdf)
- English text:  
[http://www.cysec.gov.cy/Downloads/Events/EuropeanIssues/EMIR/Regulation%20\(EU\)%20No%20648-2012.pdf](http://www.cysec.gov.cy/Downloads/Events/EuropeanIssues/EMIR/Regulation%20(EU)%20No%20648-2012.pdf)

The Regulation introduces provisions for the improvement of transparency and reduction of risks associated with the OTC derivatives market. Also, it establishes common rules for the CCPs and TRs.

The Regulation shall apply to CCPs and their clearing members, to financial counterparties<sup>4</sup> and to TRs. It shall apply to non-financial counterparties, which take positions in OTC derivative contracts and these positions exceed the clearing threshold.

---

<sup>1</sup> 'OTC derivative' or 'OTC derivative contract' means a derivative contract the execution of which does not take place on a regulated market as within the meaning of Article 4(1)(14) of Directive 2004/39/EC or on a third- country market considered as equivalent to a regulated market in accordance with Article 19(6) of Directive 2004/39/EC;

<sup>2</sup> 'CCP' means a legal person that interposes itself between the counterparties to the contracts traded on one or more financial markets, becoming the buyer to every seller and the seller to every buyer;

<sup>3</sup> 'TR' means a legal person that centrally collects and maintains the records of derivatives;

<sup>4</sup> 'financial counterparty' means an investment firm, a credit institution, an assurance undertaking, a reinsurance undertaking, a UCITS and, where relevant, its management company, an institution for occupational retirement provision and an alternative investment fund managed by AIFMs;

This unofficial English text is for information purposes only. The official text is in the Greek language.

According to the Regulation,

- All standardised OTC derivative contracts shall be cleared through a CCP, in order to reduce the systemic risk and particularly the counterparty credit risk. The classes of OTC derivative contracts that shall be subject to the clearing obligation and the CCPs that shall be authorised or recognised for the purposes of the clearing obligation shall be included in a register kept by the European Securities and Markets Authority ('ESMA').
- All derivative contracts that are subject to the clearing obligation, either through a CCP or not, shall be reported to TRs in order to have a whole view of the market and evaluate systemic risk.

The Regulation provides, among other things, that:

- Where a legal person established in the EU intends to provide clearing services as a CCP, it shall apply for authorisation to the competent authority of the Member State where it is established. The competent authorities for the authorisation and supervision of CCPs in Cyprus shall be announced soon.

The CCP shall possess an initial capital of at least 7,5 million euro.

- A CCP established in a third country may provide clearing services to clearing members or trading venues established in the EU only if the said CCP is recognised by ESMA.
- A legal person that wishes to provide services as a TR shall submit an application for registration to ESMA. ESMA shall publish on its website a list of the TRs recognised in accordance with the Regulation.
- A TR established in a third country that wishes to provide its services and activities to entities established in the EU shall submit to ESMA an application for recognition.

ESMA published on September 27, 2012 draft technical standards, titled «Final Report Draft technical standards under the Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC Derivatives, CCPs and Trade Repositories» (ESMA/2012/600), which clarify the way of implementation of a number of provisions of the Regulation. The said standards have been sent to the European Commission ('EC') to decide, within three months, on whether it will endorse them or not. These standards are available on the website of ESMA, at the following link:

[http://www.esma.europa.eu/system/files/2012-600\\_0.pdf](http://www.esma.europa.eu/system/files/2012-600_0.pdf)

Also, the European Banking Authority ('EBA') has published on September 26, 2012 draft technical standards, titled «EBA Final draft Regulatory Technical Standards on Capital Requirements for Central Counterparties under Regulation (EU) No 648/2012» (EBA/Draft/RTS/2012/01). The said standards are available on the website of EBA, at the following link:

This unofficial English text is for information purposes only. The official text is in the Greek language.

<http://www.eba.europa.eu/cebs/media/Publications/standards/EBA-DraftRTS-2012-01--Draft-RTS-on-capital-requirements-for-CCPs---WITH-CORRECTED-TYPOS.pdf>

Furthermore, on the website of the EC, at the following link, there are “Frequently asked questions on EMIR by European Commission Services”:  
[http://ec.europa.eu/internal\\_market/financial-markets/docs/derivatives/doc\\_121114\\_emirfaq\\_en.pdf](http://ec.europa.eu/internal_market/financial-markets/docs/derivatives/doc_121114_emirfaq_en.pdf)

**Nicosia, 30 November 2012**

This unofficial English text is for information purposes only. The official text is in the Greek language.