



**CYPRUS SECURITIES AND EXCHANGE COMMISSION**

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TO : **Investment Firms**  
FROM : **Cyprus Securities and Exchange Commission**  
DATE : **29 September 2009**  
CIRCULAR No. : **ΕΓ144-2009-07**  
FILE No. : **E.K. 6.1.14**  
SUBJECT : **Interest derived from bank account of clients' funds**

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

1. The section 18(2)(j) of the Investment Services and Activities and Regulated markets Law ('the Law') states that «*A CIF must, when holding funds belonging to clients, make adequate arrangements to safeguard the clients' rights and, except in the case of credit institutions, prevent the use of client funds for its own account*».
2. The interest derived from the bank account of clients' funds does not fall within the ambits of section 18(2)(j) of the Law and therefore can be used from the CIF for its own account only under the following prerequisites:
  - i. The client has given his prior express consent to the use of the interest, as evidenced by his signature or other equivalent alternative mechanism.
  - ii. The CIF has established systems/procedures and controls which ensure that only the interest, for which a prior consent of the client exists as specified on point (i) above, is so used.
  - iii. The CIF's records include:
    - details of the client on whose instructions the use of the interest has been effected,

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- details of the express consent of the client.

Sincerely,

Georgios Charalambous  
Chairman, Cyprus Securities and Exchange Commission