

## ANNOUNCEMENT

### H2-18 Supervisory Priorities

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#### **A. Introduction**

The Cyprus Securities and Exchange Commission's (the 'CySEC') mission is to exercise effective supervision of Cyprus Investment Firms (the 'CIFs') to ensure maximum investor protection and the healthy development of the securities market.

*“CySEC’s mission is to exercise effective supervision to ensure investor protection and the healthy development of the securities market”*

The main statutory responsibilities of CySEC are set out in article 25 of CySEC's Law (the 'Law') and may be summarised in overall as being responsible, when exercising its duties and competences afforded to it by the Law, for the supervision of operations and ensuring the compliance with the relevant regulatory framework of the entities under its supervision.

This document sets out the main supervisory priorities and activities for the second half of 2018.

The main objective and focus for 2018 is to establish, monitor and sustain a healthy and stable environment for the securities industry. CySEC has developed the following action plans for the second half of 2018 to highlight aspects of essential priority of its supervision framework of CIFs, to best ensure compliance with their regulatory obligations. CySEC appreciates it has a duty in providing assistance and guidance to CIFs in order for them to achieve a standard of best-practice compliance, with an efficient and transparent adoption and implementation of all relevant regulatory requirements.

#### **B. Action plan**

CySEC has identified the below key areas of priority for its actions and activities for the second half of 2018:

- ✓ MiFID II requirements
- ✓ PRIIPs requirements
- ✓ EMIR requirements
- ✓ Prudential requirements

## MiFID II requirements

Assessing the CIFs' adoption of the new requirements under MiFID II will be a key priority for CySEC. The action plans for the second half of 2018 will place emphasis on ensuring that CIFs are fully complying with the requirements of MiFID II, by monitoring their progress and assisting them with the implementation process. Targeted visits, full risk assessments and thematic reviews will be used to facilitate this process.

***“Assessing the CIFs’ adoption of the new requirements under MiFID II, will be a key priority for CySEC”***

In particular, the MiFID II requirements which CySEC will emphasise and monitor during the second half of 2018, include the following:

- ✓ Organisational requirements, including governance arrangements
- ✓ Inducements, remunerations
- ✓ Cost and charges
- ✓ Appropriateness of products/ services
- ✓ Best execution of orders
- ✓ Information addressed to clients, including marketing communications
- ✓ Transaction reporting and transparency

During the first half of 2018, CySEC carried out thematic reviews on the product governance requirements under MiFID II, with the objective of further improving and tightening the industry's market integrity and the protection of clients' rights. CySEC will be publishing the findings in due course.

## Prudential requirements

CySEC will place emphasis on ensuring the financial soundness of CIFs in order to meet their prudential requirements.

Amongst others, the key areas of CySEC's supervision regarding the prudential requirements will focus on:

- ✓ Safeguarding of clients' funds
- ✓ Risk management
- ✓ Capital adequacy (Pillar I, Pillar II, ICCAP)

**Nicosia, June 22, 2018**