



ANNOUNCEMENT

Recent Judicial Decision concerning the Securities Commission:

- On 31.10.2005, regarding the administrative action 108/2004 (**Nicos Efrem Shares Agency Ltd –vs- Επιτροπή Κεφαλαιαγοράς**) the Supreme Court decided that the provisions of paragraph 3(f) of Annex B, Part II of regulation 63 are unconstitutional; therefore, the decision of the Commission to impose an administrative fine was annulled. The Court, following the decision in the case **Τρίαίνα Επενδυτική Λτδ –v- Επιτροπή Κεφαλαιαγοράς (administrative action 787/2002)** decided that the relevant provision forces companies to invest in transferable securities traded in the stock exchange in the way described, irrespective of whether based on their professional experience they believe that these investments will not be profitable and will be damaging to the company and its shareholders. This limitation infringes the core of the right safeguarded by Article 25 of the Constitution and eliminates the freedom it guarantees, therefore it was declared unconstitutional.

An administrative fine of £2,500 was annulled which had been imposed for a violation of paragraph 3(f) of Annex B, Part II of regulation 63 of the Securities and Cyprus Stock Exchange Regulations of 1995-2002.

The Commission has appealed this Supreme Court judgement.

Nicosia, November 29th, 2005