

**DIRECTIVE DI41-2007-04 OF 2012
OF THE CYPRUS SECURITIES AND EXCHANGE COMMISSION ON THE CRITERIA TAKEN INTO
CONSIDERATION TO JUDGE WHETHER AN EXPERT IS INDEPENDENT**

BECAUSE the Cyprus Securities and Exchange Commission considers it very important that the expert is independent so as the report he will prepare will be objective,

AND BECAUSE the independence of the expert must not be under contest,

THE CYPRUS SECURITIES AND EXCHANGE COMMISSION, in accordance with the powers vested in it by virtue of subsection (7) of section 33 of the Takeover Bids Law of 2007, issues the following Directive:

Summary Title	1.	This Directive shall be referred to as the expert's independence Directive DI41-2007-04 of 2012.
Definition	2.	In this Directive, unless the context shall prescribe otherwise: « Expert » shall mean the person defined in subsection (6) of section 33 of the Law. « Law » shall mean the Takeover Bids Law of 2007, as in force. Terms used in this Directive that are not interpreted differently have the meaning given to them by the Law. Where in this Directive, reference is made to the Law, this includes the Regulations issued thereof.
Scope	3.	The purpose of this Directive is for the Cyprus Securities and Exchange Commission to determine the criteria taken into consideration when judging whether an expert is independent.
Criteria of expert's independence	4.	(1) An expert will not be considered independent if: (a) is in the same group of companies as the financial or other professional adviser to an offeror, or (b) he has a significant interest in or financial connection with either an offeror or the offeree company of such a kind as to create a conflict of interest. (2) A conflict of interest is created when: (a) the expert is in possession of confidential information concerning the offeror or the offeree company, or (b) the offeror or the offeree company are, or have been in the past, clients of the expert, or (c) the expert was involved in any way in an earlier transaction between the offeror and the offeree company.
Cases where the expert will not be considered independent	5.	If the expert has had a recent advisory relationship with the offeror in the last 6 months, the Commission may not accept that he is independent to give advice to the offeree company. In such a case, the Commission will take into consideration the views of the board of the offeree company.
Expert's remuneration	6.	An agreement which provides that a fee will become payable to an offeree company expert only in the event of failure or success of a bid, will normally create a conflict of interest and will render the expert non independent.
Non exhaustive criteria	7.	The above mentioned criteria and cases are non exhaustive and the Commission will examine whether an expert is independent or there is any conflict of interest, based on the circumstances of each case.
Repeal of Directive DI41-	8.	The Commission's Directive on the criteria taken into consideration to judge whether an expert is independent, with reference Regulatory Administrative

2007-024 of
2011

Decision (Κ.Δ.Π.) 413/2011, is hereby repealed and substituted with the
present Directive.

Official Gazette
of the Republic,
Annex III(I):
17.10.2011

Entry into force

- 9.** This Directive shall enter into force on the day of its publication in the Official Gazette of the Republic.