
TO : **Regulated Entities:**

i. CIFs

ii. UCITS Management Companies

iii. AIFMs

FROM : **Cyprus Securities and Exchange Commission**

DATE : **May 17, 2021**

CIRCULAR NO. : **C447**

SUBJECT : **ESMA Guidelines (ESMA35-36-1952) on certain aspects of the MiFID II compliance function requirements**

1. The Cyprus Securities and Exchange Commission ('CySEC') wishes to inform the Regulated Entities that the European Securities and Markets Authority (ESMA) has published the [Guidelines](#) on certain aspects of the MiFID II compliance function requirements ('the Guidelines'), on 6 April 2021 translated in all official languages of the EU. These Guidelines, replace the previous ESMA guidelines on the same topic issued in 2012.
2. The Guidelines apply in relation to the requirement of the Regulated Entities who, as part of their obligations under the Investment Services and Activities and Regulated Markets Law of 2017 ('the Law'), must ensure that the compliance function fulfils the requirements set out in Article 22 of MiFID II Delegated Regulation 565/2017 by maintaining an efficient compliance function in accordance with Article 17(2) of the Law.
3. The Guidelines' objective is the establishment of consistent, efficient and effective supervisory practices and to ensure the common, uniform and consistent application of certain aspects of the MiFID II compliance function.
4. Therefore, these Guidelines aim at requiring the Regulated Entities to have a robust governance framework by implementing systems and controls, policies and procedures, establishing an independent and effective compliance function to manage risks and ensure compliance with their regulatory obligations.
5. The Guidelines apply from two months of the date of publication of the guidelines on ESMA's website in all EU official languages, i.e. 07 June 2021.
6. CySEC adopts these Guidelines by incorporating them into its supervisory practices and regulatory approach.
7. Regulated Entities must take the necessary actions in order to ensure their compliance with the Guidelines.

Sincerely,
Demetra Kalogerou
Chairman of Cyprus Securities and Exchange Commission