
TO : Cypriot Investment Firms
FROM : Cyprus Securities and Exchange Commission
DATE : 3 September 2012
CIRCULAR No : CI144-2012-14
FILE No : E.K. 6.1.14
SUBJECT : Own funds, capital adequacy ratio of CIFs and Form 144-05-06.11

The Cyprus Securities and Exchange Commission ('the Commission') wishes, with this circular, to remind the Cypriot Investment Firms (CIFs) the following:

1. According to section 18(2)(f) of the Investment Services and Activities and Regulated Markets Law of 2007, as amended ('the Law'), CIFs must have sound administrative and accounting procedures, internal control mechanisms, effective procedures for assessing the risks they undertake or may undertake and effective control mechanisms; including appropriate administrative and accounting procedures and safeguard arrangements for information processing systems.
2. According to section 67(1) of the Law and paragraph 11, Chapter 3, Part A of Directive DI144-2007-05 ('the Directive'), the CIFs must maintain, at all times, the minimum required limits for own funds and capital adequacy ratio.
3. According to section 67(3) of the Law, the CIFs, in cases where the own funds and/or capital adequacy ratio fall below the minimum required limits of the Law, must notify **immediately** the fact to the Commission irrespective of the frequency of the submission of the relevant information in line with paragraph 39, Chapter 7, Part C of the Directive.

The notification, must be done by the completion and submission of Form 144-05-06.11. This document is attached to this Circular and can be also found in the Commission's website, at the electronic address http://www.cysec.gov.cy/licence_members_5_gr.aspx.

4. General comments for Form 144-05.06.11:

- (i) It must be completed electronically and submitted to the Commission, in hard copy and to the electronic address crdsubmission@cysec.gov.cy, duly completed without any changes.

- (ii) It should be submitted along with Form 144-05-06.1 when this is submitted¹. In case that the own funds and/or the capital adequacy ratio is above the minimum allowable limits of the Law, form 144-05-06.11 should be submitted with the indication '**Not Applicable**'.
- (iii) Furthermore, it should be submitted to the Commission **immediately**, as soon as there is a decrease of its own funds and/or capital adequacy ratio below the minimum allowable limits of the Law, irrespective of the frequency that form 144-05-06.1¹ is submitted. In this case the CIF should also submit form 144-05-06.1 (for the date of the decrease of the own funds/capital adequacy ratio).
- (iv) The amounts that will be recorded should be in EURO, rounded to the nearest thousand.

The Commission requests the CIFs to comply fully with the above.

Yours sincerely

Demetra Kalogerou
Chairman, Cyprus Securities and Exchange Commission

¹ In line with paragraph 39, Chapter 7, Part C of Directive DI 144-2007-05.



**NOTIFICATION OF THE DECREASE OF THE OWN FUNDS AND CAPITAL
ADEQUACY RATIO OF THE CIF BELOW THE ALLOWABLE LIMITS**

Name of CIF	:
CIF CODE (TRS)	:
Basis of computation	: Solo, sub-consolidated, consolidated (delete what is not applicable)
Reporting Date	:

Purpose of the present form

This form should be completed and submitted to the Commission in hard copy and to the electronic address crdsubmission@cysec.gov.cy. For further details please consult Circular CI144-2012-14.

1. Details of the person that CySEC can contact about this disclosure

Full name	:	
Position held in the CIF	:	
Telephone number	:	
Fax number	:	
E-mail address	:	

2. Have the own funds of the CIF decreased below the limits provided for in sections 67(1) and (2) of the Investment Services and Activities and Regulated Markets Law of 2007, as amended ('the Law'):

- ☐ No
☐ Yes^{1,2} → Please give details

Own Funds of the CIF	Initial Capital (section. 10 -Law)	Reasons of the Decrease	Actions for compliance	Timetable for compliance

3. Has the capital adequacy ratio of the CIF decreased below the limits provided for in paragraph 11(a), Chapter 3, Part A of Directive DI144-2007-05 ('the Directive') i.e. below 8%:

- ☐ No
☐ Yes¹ → Please give details

Capital Adequacy Ratio %	Reasons of exceeding the limits	Actions for compliance	Timetable for compliance

I responsibly declare, having full knowledge of the consequences of the Law, that:

- a) The present form has been completed in accordance with the Directive.
b) I have exercised all due diligence in ensuring that all the information stated in this form, as well as the details that accompany it are correct, complete and accurate.
c) I am authorised to sign on behalf of the CIF.

I acknowledge and accept that CySEC may reveal information in the discharge of its duties, as these are defined in the Law.

The provision of false, or misleading information or details or documents or forms, or the withholding of material information from the current notification, represents, in addition to constituting a violation subject to an administrative fine not exceeding €350.000 and in case of remission or continuation of the violation, an administrative fine not exceeding €700.000, and a criminal offence punishable, in the event of conviction, by imprisonment not exceeding five years.

Full name:

Position held in the CIF:

Signature:

Date:

^{1,2} Please ensure that the amounts that are stated in this form agree with those stated on Form 144-05-06.1