

Healthy and credible securities market an important pillar for growth

Demetra Kalogerou presented the work of the CySEC and its priorities for 2015

Despite the problems and challenges facing the Cyprus economy, the sector which the Cyprus Securities and Exchange Commission (CySEC) supervises continues to develop and as a result new applications from companies that wish to offer investment and administrative services are rising. CySEC's Chairwoman Demetra Kalogerou said that such interest is a clear indication that Cyprus continues to offer significant advantages and constitutes an attractive jurisdiction for investments. "However, many challenges remain and hard work and collective effort is needed by all the players, not just to fully restore confidence in Cyprus," she added, "but also to demonstrate that Cyprus remains a prestigious regional business centre,".

Speaking at a meeting with media representatives, during which she presented the past year's most important developments in the sector supervised by CySEC as well as CySEC's priorities for 2015, Kalogerou said that the CySEC had continued in 2014 to contribute to the common effort for Cyprus to exit the financial crisis and return to growth. "The exercise of effective supervision is considered of paramount importance because it ensures not only the protection of investors but also the healthy development of the securities market, which constitutes a significant pillar of growth for modern economies," she noted.

Kalogerou referred to the actions of the CySEC to minimise the negative impact on the Cyprus economy from the 2013 Eurogroup decisions and particularly the actions taken vis a vis the entities under CySEC supervision; the documented and impartial investigation of cases, including the banks; improving the regulatory framework by taking forward a large number of laws and regulations; as well as the actions taken relating to the training of investors and the reshaping of the way the Securities and Exchange Commission functions.

As regards the investigation of cases, the CySEC chairwoman said that inquiries completed in 2014 had shown violations of the law leading to administrative fines of €8.2 million. She added that in cases where possible criminal offences were exposed, the CySEC had forwarded the relevant data to the Attorney General of the Republic to decide whether the parties involved should be criminally prosecuted. As for 2015, she said that the probe into pending cases would continue. "These cases concern possible misleading statements, evaluation of the data

included in the financial statements of previous years as well as practices which could constitute market manipulation,” she explained.

In order to ensure the full compliance of supervised entities with their obligations, the CySEC closely monitors the issue, either by carrying out spot checks or reviewing the different documents submitted to the CySEC so as to ensure they fully comply with their obligations under the laws that govern their operation, Kalogerou stressed.

“In 2015 we aim to strengthen the Supervision Department with human resources so as to further boost the supervision of the market through more checks, the full implementation of the supervisory framework which will be based on the risk management of supervised entities and through the provision of more guidance to those under supervision so that they can enhance their compliance further, in line also with the weaknesses identified by CySEC checks,” said the CySEC chairwoman.

In terms of informing and educating investors, Kalogerou said the CySEC had issued various informative articles and warning announcements, organised a seminar for financial journalists and produced short informative videos that will soon be uploaded to the CySEC’s upgraded website (www.cysec.gov.cy).

Finally, Kalogerou said the CySEC had carried out an island-wide market survey last December with the aim of determining the level of public awareness about issues relating to the Commission. “Although a large section of the population stated that they knew about the existence of the CySEC and had a positive view of its work, there is some confusion as to its roles and responsibilities,” she said.

Some of the findings of the survey are:

- 56.1% of those questioned knows there is a Securities and Exchange Commission in Cyprus (the corresponding figures for university graduates is 64.4% and for holders of post graduate degrees 85.7%).
- 60.6% of those who knew about the CySEC’s existence believe that its articles, announcements and interviews contribute to better informing and educating investors.
- 56.6% consider the work done by the CySEC to be very important, 55.7% that it contributes to the protection of investors and 59.7% that it contributes to economic growth.

