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TO : **Cyprus Investment Firms**

FROM : **Cyprus Securities and Exchange Commission**

DATE : **25 April 2014**

CIRCULAR No : **CI144-2014-12**

FILE No : **E.K. 6.1.14**

SUBJECT : **European Commission – Consultation paper in relation to FX financial instruments**

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

1. Concerns have been raised about the lack of harmonisation between the EU Member States on where the boundary lies between what is an FX financial instrument and a spot FX contract.
2. The European Commission ('EC') therefore seeks stakeholders input on where they consider this boundary should be set. For this purpose, the EC has published a [consultation document](#) in relation to FX financial instruments which it is narrow in scope and has the purpose of bringing clarity on this delineation to ensure that there is clear, adequate and consistent application of the relevant financial regulation across the EU.

The EC invites stakeholders to send their contributions until **9 May 2014** to [MARKT-G3@ec.europa.eu](mailto:MARKT-G3@ec.europa.eu). Responses will be published on the following website unless requested otherwise: [http://ec.europa.eu/internal\\_market/](http://ec.europa.eu/internal_market/).

3. Considering the large number of CIFs that are providing investment services in relation to foreign exchange derivatives from Cyprus, the Commission urges CIFs to respond to the above invitation. CIFs are requested to send their response to the electronic address [supervision@cysec.gov.cy](mailto:supervision@cysec.gov.cy) as well.

Sincerely

Demetra Kalogerou  
Chairman Cyprus Securities and Exchange Commission