

PRESS RELEASE

Legislative and technological developments in the capital market in 2025

More than 850 on-site and remote thematic audits of supervised entities and a series of administrative fines in 2024

NICOSIA, 11 March 2025 –Increasing institutional and regulatory requirements, the digital transition and sustainable investing were key factors affecting the securities markets and investment funds both in Cyprus and across Europe, the Chairman of the Cyprus Securities and Exchange Commission (CySEC), Dr George Theocharides, said in a press conference.

Presenting an overview of *CySEC's activities in 2024 and outlining the regulator's objectives for 2025*, Dr Theocharides said: "*Protecting investors and the further development of a healthy market are at the core of our mission, as we strive to enhance stability and confidence in the financial services sector.*"

"In 2025 and beyond, a series of significant regulatory changes will be implemented through European directives and regulations which are expected to strengthen the supervisory framework governing investment services. Notably, changes are expected to come from the AML Package, European Single Access Point (ESAP), EU Sustainability Framework, AIFMD II, the Financial Data Access regulation (FiDA), MiFIR Review, EMIR Refit and Retail Investment Strategy," added Dr Theocharides.

He also stated that another important factor influencing the markets is the promotion of the Savings and Investments Union Plan in EU.

Supervisory work and administrative fines

Within 2024, the Supervision and AML/CFT Departments of CySEC carried out more than 850 on-site and remote thematic audits of supervised entities. Remote checks were also carried out on a

systematic basis to ensure firms maintained compliance with the thresholds resulting from the prudential supervision framework and European Banking Authority's guidelines and to strengthen oversight on firms' remuneration policies, internal risks and business models.

During 2024, CySEC also audited 510 annual reports of compliance officers and company internal audits for AML compliance, alongside its close monitoring of Cyprus investment firms (CIFs), Administrative Service Providers (ASPs), Managers of Collective Investment Funds and Crypto Asset Service Providers (CASPs).

An additional 89 supervised collective investment funds were audited by CySEC whilst transaction/derivatives reporting requirements from 33 Managers and Collective Investment Funds were assessed. CySEC also carried out data collection and an assessment for monitoring and risk management in the commercial real estate sector.

CySEC's Investigations and Market Surveillance Department conducted 17 entries-investigations and completed 44 investigations of supervised entities in 2024. By the end of the year, 52 investigations were ongoing.

In line with its commitment to enhance investor protection, CySEC continued to monitor promotional material distributed by Cyprus investment funds, focusing on medium and high risk, through the use of online tools that enable CySEC to collect and analyse information. In instances where misleading content was identified, CIFs were advised to make changes to the materials and fines were issued in some cases. CySEC also identified cases where individuals or organisations had impersonated CySEC officials or representatives and detected a number of fake websites purporting to be those of CySEC and other supervisory authorities. To this end, CySEC issued a number of public warnings and ran a dedicated social media campaign to alert investors, as well as flag the breaches with regulatory authorities, ESMA and IOSCO.

The Issuers Department of CySEC examined the compliance of issuers with their obligation to publish annual financial reports for the financial years 2022 and 2023, and interim financial reports for the first half of 2023 and 2024, ensuring that financial information was prepared and published in accordance with the law.

Following the supervisory audits, administrative fines totalling approximately €2.76 million were imposed in 2024, of which €2.12 million in fines were imposed against Cyprus investment firms. In the last three years, administrative fines of €7.82 million have been imposed, of which €6.3 million applied to CIFs for breaches of the legislation.

In addition, supervised entities were requested in 321 cases to take corrective measures based on their obligations under the law, and CySEC instructed over 70 supervised entities to implement specific measures within a certain period of time to fully comply with the provisions of the Law and the CySEC Directive on the Prevention and Combatting of Money Laundering and Terrorist Financing.

Seven Cyprus investment firms had their operating licenses revoked or suspended, while the operating licences of two Reserved Alternative Investment Funds were revoked.

A key focus in 2024 was the adoption and implementation of the Markets in Crypto-Assets Regulation (MiCA), which applies to crypto-asset service providers. There has already been interest from several companies seeking to obtain relevant licenses from CySEC.

Also, in 2024, CySEC prioritised the adoption of the Digital Operational Resilience Act (DORA), which came into full effect in January. This Regulation sets uniform requirements for the security of network systems and around the data that supports the business operations of financial entities. Like other European regulators, CySEC will collect data from supervised entities concerning cybersecurity issues.

Sector Growth in 2025

Regarding the growth of the sector, 80 entities were authorised in 2024, bringing the total number of supervised entities at the end of the year to 834. In addition, one application to obtain a CIF licence and four applications from firms to provide crypto-assets in the European territory were rejected by CySEC. Another 13 applications were withdrawn, of which three were applications for the authorisation of CIFs, seven were applications for the provision of crypto-assets and three were applications for the authorisation of Alternative Investment Fund Managers (AIFMDs)

In 2025, Dr Theodorides said that CySEC will continue to build its cyber security and resilience through the acquisition of new specialised systems and improving existing ones, both to manage

licensing processes and the ongoing supervision of supervised entities, with the aim of ensuring their full compliance.

As part of its efforts to contribute to investor education in Cyprus, CySEC actively participated in international awareness campaigns including the pan-European Global Money Week 2024 and the World Investor Week, emphasising the importance of financial literacy. CySEC is a member of the Cyprus Financial Literacy and Education Committee (CyFLEC) and has a key role through its Chairmanship of the Task Force for the Enhancement of the Use of Digital Products and Services, with the goal of promoting digital financial skills and knowledge.

CySEC also established an annual award for students of Economics departments in public and private universities. In the academic year 2023-2024, CySEC gave awards to two students from the European University of Cyprus.

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