



To : **Cyprus Investment Firms**
From : **Cyprus Securities and Exchange Commission**
Date : **3rd August 2023**
Circular : **C591**
Subject : **Appointment of an Alternate Director to attend a meeting of the Board of Directors of a CIF**

The Cyprus Securities and Exchange Commission ("CySEC"), by this circular, informs the Cyprus Investment Firms ("CIFs") regarding the circumstances under which, a member of the Board of Directors of a CIF, may appoint an **Alternate Director** to attend a meeting of the Board of Directors of the CIF in its place, taking into account the provisions of sections 9 and 10 of the Investment Services and Activities and Regulated Markets Law of 2017, as in force ("Law").

In particular:

1. CySEC does not oppose the appointment of an Alternate Director if the following cumulative conditions are met:
 - i. CIF's Memorandum of Association **expressly** provides for the appointment of an Alternate Director.
 - ii. The person appointed as Alternate Director is a **current** member of the Board of Directors of the CIF.
 - iii. The Alternate Director is appointed for one (1) specific Board meeting.
 - iv. The CIF notifies CySEC of the appointment of an Alternate Director at least one (1) day prior to the Board Meeting at which the Alternate Director will be attending and, in any case, after a written notice has been given to the Board Members to call the Board meeting.
2. The notification for the appointment of an Alternate Director filed with CySEC by the CIF, as per point 1.iv. above, should be in writing and include at least the following information:
 - i. The CIF's details,
 - ii. Details of the Director of the CIF appointing an Alternate Director,
 - iii. Details of the Alternate Director to be appointed,
 - iv. The date of the forthcoming meeting of the Board of Directors of the CIF,
 - v. The reason/s for the appointment of an Alternate Director,

vi. As attachments:

- A copy of the Memorandum of Association of the CIF enabling the appointment of an Alternate Director.
- Letter of appointment of the Alternate Director from the Member of the Board of Directors of the CIF making that appointment.
- The consent of the person to be appointed an Alternate Director.

A sample notification for the appointment of an Alternate Director to be completed by the CIF for notifying CySEC is hereby attached, which includes a sample letter for appointing the Alternate Director and a sample of consent from the Alternate Director.

The notification for the appointment of an Alternate Director is filled to the following CySEC's e-mail address: **CIFnotification.alternatedirector@cysec.gov.cy**

3. It is noted that:

- i. No fee is payable for the filling of a notification for the appointment of an Alternate Director.
- ii. In view of the fact that an existing Director of the CIF is appointed as an Alternate Director, no change shall be deemed to take place within the meaning of section 9(15) of the Law.
- iii. CySEC, upon receipt of the notification for the appointment of an Alternate Director, will update its records and the information provided will be evaluated in the context of its supervisory inspections as to whether the CIF is in compliance with sections 9(3) and 10(1)(a) of the Law.
- iv. The appointment, repeatedly or on a continuous basis, of an Alternate Director by the same CIF Board Member does not contribute to ensuring that such CIF Board Member complies with section 9(3) of the Law.
- v. Members of the Board of Directors should ensure the effective and prudent management of the CIF and to commit sufficient time to the performance of their duties in the CIF, as set out in sections 10(1)(a) and 9(3) of the Law, respectively. Therefore, the appointment of an Alternate Director and/or the frequency of appointment of an Alternate Director should not be made improperly and/or in breach of the CIF's obligations under the Law.

Sincerely,

Dr George Theocharides
Chairman, Cyprus Securities and Exchange Commission

Notification of Appointment of Alternate Director in a CIF
(Filled by the CIF)

1. CIF DETAILS:

1.1. CIF Name:

1.2. Legal Entity Identifier (LEI) (where applicable):

1.3. CIF Address:

1.4. Full name and position¹ of the members of the Board of Directors of the CIF:

2. DETAILS OF THE MEMBER OF THE BOARD OF DIRECTORS TO BE SUBSTITUTED:

2.1. Full Name:

2.2. Address:

2.3. Telephone:

2.4. Email address:

3. DETAILS OF THE ALTERNATE DIRECTOR:

3.1. Full name:

3.2. Address:

3.3. Telephone:

3.4. Email address:

¹ Executive director, Independent Non-Executive Director, Non-Independent Non-Executive Director, Chairman

4. BOARD MEMBER MEETING IN WHICH THE ALTERNATE DIRECTOR WILL ACT:

4.1. Meeting date:

5. JUSTIFICATION FOR THE APPOINTMENT OF AN ALTERNATE DIRECTOR:

5.1. State the reason/s for the appointment of an alternate director:

6. ATTACHMENTS:

(Mark YES/NO)

- 6.1. Copy of the Memorandum of Association of the CIF enabling the appointment of an alternate director.
- 6.2. Letter of appointment of the alternate director from the Board Member making the appointment.
- 6.3. The consent of the person to be appointed alternate director.

SIGNATURE:

FULL NAME OF THE SIGNATORY:

DATE:

To

[CIF name]

[CIF address]

Dear sirs,

Θέμα: Appointment of an Alternate Director

I, the undersigned, Mr./Mrs. (full name and position²) hereby appoint Mr./Mrs. as my alternate director for the meeting of the Directors' Board meeting dated

Regards,

Full name of the Board Member

Signature

Date

² Executive director, Independent Non-Executive Director, Non-Independent Non-Executive Director, Chairman

TO

[CIF NAME]

[CIF ADDRESS]

Dear sirs,

**Subject: Consent to be appointed as an alternate director to Mr./Mrs
.....(full name and positionⁱ)**

I hereby consent to be appointed as an alternate director to Mr./Mrs
....., Member of the Board of Directors, for
the Directors' Board meeting dated

Regards,

Full name of Alternate Director

Signature

Date

ⁱ Executive director, Independent Non-Executive Director, Non-Independent Non-Executive Director, Chairman