



CYPRUS SECURITIES AND EXCHANGE COMMISSION

TO : Investment Firms
FROM : Cyprus Securities and Exchange Commission
DATE : 17 December 2009
CIRCULAR No : CI144-2009-09
FILE No : E.K. 6.1.14
SUBJECT : Execution of orders in relation to financial instruments that are parallel listed in Regulated Markets (arbitrage)

The Cyprus Securities and Exchange Commission (the 'Commission') wishes, with the present Circular, to inform the Cyprus Investment Firms (the 'CIFs') of the following:

1. The execution of orders in relation to financial instruments that are parallel listed in Regulated Markets (arbitrage), on behalf of clients, falls under the investment service of portfolio management (paragraph 4, Part I of the Third Annex of the Investment Services and Activities and Regulated Markets Law of 2007, as amended ('the Law') as long as the CIF has the discretion to decide by its own, based on general instructions given by the client and not on specific, for the time to place the order, the size and the price of the order.
2. A CIF, which acts as explained in point 1 above, must:
 - i. Enter into a written agreement with these clients for the provision of the investment service of portfolio management, pursuant to section 36(1)(f) of the Law,
 - ii. Establish, implement and maintain, pursuant to section 18 of the Law, procedures, functions and mechanisms related to the provision of the investment service of portfolio management (including the establishment of a separate department and employment of persons for the provision of this service).

This unofficial English text is for information purposes only and is not legally binding.

3. CIFs, which at the date of the present Circular, act as described in point 1 above, are requested by **Friday, March 19, 2010**, the latest, to comply fully with the related provisions of the Law and Directives DI144-2007-01 and DI144-2007-02.

Sincerely,

Georgios Charalambous
Chairman, Cyprus Securities and Exchange Commission