
TO : (a) Issuers who publish regulated information
(b) Persons responsible for the prospectus

FROM : Cyprus Securities and Exchange Commission

DATE : 15 July 2016

CIRCULAR NO. : C148

SUBJECT : Entry into force of the European Securities and Markets Authority's ('ESMA') Guidelines on Alternative Performance Measures

Following the Cyprus Securities and Exchange Commission's ('CySEC') Circular dated 1st December 2015, with No 'C098' and title '*ESMA Guidelines (ESMA/2015/1415) on Alternative Performance Measures*', CySEC wishes to remind issuers and persons responsible for drawing up prospectuses that the ESMA Guidelines on Alternative Performance Measures (APM) came into force on 3 July 2016.

According to the Guidelines, an APM is a financial measure of historical or future financial performance, financial position, or cash flows other than a financial measure defined or specified in the applicable financial reporting framework.

APMs are usually derived from or based on the financial statements prepared in accordance with the applicable financial reporting framework, most of the time by adding or subtracting amounts from the figures presented in financial statements. Examples of APMs include: operating earnings, cash earnings, earnings before onetime charges, earnings before interest, taxes, depreciation and amortisation (EBITDA), net debt or similar terms denoting adjustments to line items of statements of comprehensive income, statements of financial position or statements of cash flow.

The purpose of the Guidelines is to promote the usefulness and transparency of Alternative Performance Measures included in regulated information or prospectuses. The Guidelines set out the principles that issuers who publish regulated information as well as the persons responsible for drawing up prospectuses should follow when presenting Alternative Performance Measures in documents.

The scope of the Guidelines is presented in paragraphs 3 and 4 of the Guidelines whilst the cases where the Guidelines are not applicable are presented in paragraph 19.

CySEC has adopted the said Guidelines and expects the issuers and the persons responsible for drawing up prospectuses to comply with them.

CySEC will monitor and assess the compliance of the above persons with the Guidelines.

Relevant to the above is also the announcement by ESMA on the Guidelines, dated 1st July 2016.

The said announcement by ESMA as well as the Guidelines on Alternative Performance Measures are available at CySEC's website at the section Regulated Entities/Issuers/European Securities & Markets Authority (ESMA) Publications /Other publications, at the following link:

<http://www.cysec.gov.cy/en-GB/entities/issuers/ESMA-Publications/>

Yours sincerely

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