



**CYPRUS SECURITIES AND EXCHANGE COMMISSION**

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| TO           | : Issuers with securities admitted to trading on a regulated market                               |
| FROM         | : Cyprus Securities and Exchange Commission   |
| DATE         | : 17 February 2009  |
| CIRCULAR No. | : CI- Issuers-2009-01   |
| FILE No.     | : E.K. 6.1.14   |
| SUBJECT      | : <b>CESR statement on the reclassification of financial instruments and other related issues</b> |

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The Cyprus Securities and Exchange Commission ('CySEC') would like to inform you that the Commission of European Securities Regulator (CESR) issued, in January 2009, a statement on the reclassification of financial instruments and other related issues.

In this statement CESR presents its views on various technical issues raised by the European Commission to the International Accounting Standards Board (IASB) regarding the accounting treatment of financial instruments and their fair value, for example the fair value option, the embedded derivatives and the impairment of available for sale items.

The statement also presents the results of a review conducted by CESR members regarding the application of the amendments to International Accounting Standard 39 (IAS 39) and International Financial Reporting Standard 7 (IFRS 7) issued in October 2008 regarding the reclassification of financial assets, by financial companies within the EU in the third quarter of 2008. The objective of this review was to analyse as to what extent financial companies in Europe have applied the above amendments and whether the third quarter interim financial statements of companies that applied the amendments, included all the disclosure requirements of the amended IFRS 7.

In its statement CESR concludes that it expects more detailed information and disclosures in the annual financial statements of the above issuers for the year 2008, in accordance with the requirements of IAS1, regarding the change in the accounting policy, as well as with the requirements of IFRS 7. CESR also draws the attention of issuers to the need of providing all the transparency possible regarding the options they have chosen with regards to the reclassification of their financial instruments, so that users of the financial statements would be able to understand the developments for the issuer during the global financial crisis.

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

CySEC urges all issuers who have reclassified their financial instruments in other categories in accordance with the above amendments, to include in their annual financial statements for the year 2008, all the necessary disclosures in accordance with the requirements of the International Financial Reporting Standards, as also recommended by CESR.

The CERS statement is available, in English, at the CySEC Web Site (European Issues [http://www.cysec.gov.cy/europeanissues\\_en.aspx](http://www.cysec.gov.cy/europeanissues_en.aspx)).

Sincerely

Georgios Charalambous  
Chairman, Cyprus Securities and Exchange Commission