

PRESS RELEASE

THE COMMISSION'S WORK OVERVIEW FOR 2013 AND PRIORITIES FOR 2014

The priorities of the Cyprus Securities and Exchange Commission (CySEC) for 2014 are focused on six areas: on continuing the efforts for the alleviation of the negative impact from the Eurogroup decisions in March 2013, on the speedy completion of investigations in order for administrative sanctions to be, where appropriate, imposed and for restoring credibility in the system, on ensuring full compliance of the supervised institutions with their obligations, on strengthening the robustness of the regulatory framework and the effectiveness of market surveillance, on the upgrading of investor education and on the upgrading and substantial simplifications and automation of the CySEC operations.

At a briefing with representatives of the media, the Chairwoman of the CySEC, Mrs. Demetra Kalogerou, stressed that the primary objective is to restore investor confidence and reinstate confidence in the financial system. "Despite the difficulties and the blow the image of the country has suffered, we are optimistic that, with the right moves, we shall regain the confidence of the markets and investors, because we continue to have substantial advantages, which we should strengthen and highlight".

Referring to 2013, Mrs. Kalogerou said that the CySEC, like everyone else, was faced with a barrage of negative developments and unprecedented risks that had to be managed. "The decisions of the Eurogroup forced us to reconsider our priorities and come up with ways in order to respond promptly and effectively to the new challenges", she noted.

The Chairwoman elaborated on the efforts of the CySEC for diminishing the negative impact on the economy of Cyprus and mainly for the relief of the supervised institutions from the adverse impact of the Eurogroup's decisions. "In returning to a growth path, the fastest possible restoration of Cyprus' credibility abroad constitutes a priority. For this purpose, CySEC in close cooperation with CIPA participated in 6 conferences in 2013, in Cyprus and abroad, for the promotion of the Cyprus securities market. These efforts shall continue and intensify in 2014".

In parallel, she noted, CySEC proceeded dynamically in a documented and impartial investigation of all cases that fall within its jurisdiction, in order to achieve full transparency and to bring to justice those responsible for non compliance with the law so as to enable the banking system to regain its credibility. "From the investigations that have been completed, the administrative fines imposed amount to around €850.000". CySEC's goal for 2014, said the

Chairwoman, is the completion of as many investigations as possible.

Regarding the enhancement of the robustness of the regulatory framework and the conduct of effective supervision, CySEC has made some important inroads during 2013, while soon enough it is expected that the legislation on Alternative Investments Funds (known as ICIS) will be completed. These entities are currently under the supervision of the Central Bank of Cyprus.

To ensure full compliance of the supervised entities with their obligations, the CySEC intends to further strengthen market surveillance through increased inspections on all aspects of supervision. This will be achieved through the completion and implementation of the risk-based supervision framework and by providing further guidance to the supervised entities based on the weaknesses and challenges identified during the inspections. Priority will also be given to investor education.

Mrs. Kalogerou also referred to the enormous importance attached to the improvement and modernization of the CySEC itself through substantial simplifications and automations of its operations. “The increased obligations of the CySEC make the need for its reinforcement with permanent staff, in order to be able to cope with its increasing supervisory duties a pressing one”. In 2014, the Chairwoman said, the manual of internal procedures for each department will be completed and the Internal Audit Unit of CySEC will become fully operational.

Concluding, Mrs. Kalogerou stressed that, despite the shock the financial sector of Cyprus suffered in March of 2013, Cyprus still retains many of its advantages that established it as an attractive investment destination. “This is indicated also by the fact that applications for the authorisation of CIFs have not been withdrawn, but, in fact, we continue to receive new applications for authorisation”. I do not want, she added, to create false expectations that the problems have been surpassed, or that the road ahead is easy. “It is our belief that through well thought-out measures and substantial improvements on all aspects and with hard work by all of us, we will be able to re-establish Cyprus as a stable, secure and more reliable investment destination.”

Nicosia, 22 January 2014

