
ΠΡΟΣ : **Investment Firms**
ΑΠΟ : **Cyprus Securities and Exchange Commission**
ΗΜΕΡΟΜΗΝΙΑ : **23 December 2009**
ΑΡ. ΕΓΚΥΚΛΙΟΥ : **CI144-2009-11**
ΑΡ. ΦΑΚΕΛΟΥ : **E.K. 6.1.14**
ΘΕΜΑ : **Regulation no. 1060/2009 of the European Parliament and Council for Credit Rating Agencies – Use of credit ratings**

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

1. The European Parliament and the Council of the European Union have adopted and published a Regulation ([OJ L 302, 17.11.2009, http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:302:0001:0031:EN:PDF](http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:302:0001:0031:EN:PDF)), which lays down provisions in relation to Credit Rating Agencies. The Regulation was published in the Official European Union Gazette on November 17, 2009 and entered into force on December 7, 2009.
2. The Regulation introduces a common regulatory approach in order to enhance the integrity, transparency, responsibility, good governance and reliability of credit rating activities, contributing to the quality of credit ratings issued in the Community, thereby contributing to the smooth functioning of the internal market while achieving a high level of consumer and investor protection. It lays down conditions for the issuing of credit ratings and rules on the organisation and conduct of credit rating agencies to promote their independence and the avoidance of conflicts of interest.
3. The competent authority for the licensing and supervision of CRAs in the Republic is the Cyprus Securities and Exchange Commission.
4. The Cyprus Investment Firms, according to the provisions of article 4(1) of the Regulation, should, from December 7, 2010 and thereafter, to use credit ratings, for regulatory purposes (in particular as a reference for the capital adequacy calculations, for solvency purposes or for calculating risks in their investment activity), only if they are issued by CRAs established in the European Community

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and registered in accordance with the abovementioned Regulation.

5. For information purposes as to the extent of use of credit ratings, for regulatory purposes, by the CIFs, complete electronically the table attached in the Annex and submit it to the electronic address investmentfirms@cysec.gov.cy the soonest possible and not later than the **25th January 2010**.

For any additional information, please contact with the officer of the Commission, Ms Nadia Americanou.

Yours sincerely

Georgios Charalambous
Chairman of the Cyprus Securities and Exchange Commission

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ANNEX¹

A/A	Name of CRA ²	Country of establishment of CRA	Regulatory purposes that credit ratings are used ³	Number (approximately) of credit ratings issued by CRAs and considered, for regulatory purposes, by CIFs
1.				
2.				
3.				
4.				
5.				

¹ The table should be completed based on records that relates to the year 2009.

² 'CRAs' means, pursuant to article 3 of the Regulation, a legal person whose occupation includes the issuing of credit ratings on a professional basis. 'Credit rating' means, pursuant to article 3 of the Regulation, an opinion regarding the creditworthiness of an entity, a debt or financial obligation, debt security, preferred share or other financial instrument, or of an issuer of such a debt or financial obligation, debt security, preferred share or other financial instrument, issued using an established and defined ranking system of rating categories. Examples of agencies that fall within the definition of CRAs are Moody's, Standard and Poor's, Fitch, DBRS, Coface και Lince Spa.

³ For example, whether they are used as a reference for the capital adequacy calculations, for solvency purposes or for calculating risks in their investment activity.