

CONSULTATION PAPER

(CP-01-2025)



SUBJECT: CONSULTATION PAPER ON THE FEES PAYABLE BY THE ENTITIES FALLING UNDER THE SCOPE OF DORA

DATE OF ISSUE: 31 JANUARY 2025

PURPOSE OF THIS CONSULTATION PAPER

This Consultation Paper helps enact effective consultation procedures with market participants and investors regarding proposed changes in the Cyprus Securities and Exchange Commission's policy.

IMPORTANT WARNING

The submission of responses should be made no later than **7 March 2025**. No extension will be granted on an individual basis. Therefore, unless CySEC extends the submission period with a formal announcement, any responses received after the above date **will not be considered**.

INSTRUCTIONS FOR THE SUBMISSION OF RESPONSES

Interested parties may submit their responses to the CySEC Policy Department by email at policy@cysec.gov.cy.

The subject of the email should have the following form:

«CP-01-2025– *[insert the Name of Organisation, Legal or Natural Person submitting the comments or views]*»

In submitting your responses, you are requested to state whether you represent an organised group or a specific enterprise, or if you are an individual. In the case of organised groups, you are kindly requested to provide information on the number and nature of persons or enterprises you represent.

Please provide a response to the questions in the order presented in this document be concise and provide your replies in a Word document.

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1. INTRODUCTION

- 1.1. The purpose of this Consultation Paper ('CP') is to lay down the proposed fees payable by entities falling within the scope of Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EU) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011 (the '**DORA Regulation**').
- 1.2. The DORA package is comprised of the DORA Regulation and Directive (EU) 2022/2556¹.
- 1.3. In order to achieve a high common digital operational resilience, the DORA Regulation, lays down uniform requirements concerning the security of network and information systems supporting the business processes of financial entities, within the meaning of DORA Regulation (the '**Financial Entities**'), as follows:
- (a) requirements applicable to financial entities in relation to:
 - (i) information and communication technology (ICT) risk management;
 - (ii) reporting of major ICT-related incidents and notifying, on a voluntary basis, significant cyber threats to the competent authorities;
 - (iii) reporting of major operational or security payment-related incidents to the competent authorities by financial entities;
 - (iv) digital operational resilience testing;

¹ Directive (EU) 2022/2556 of the European Parliament and of the Council of 14 December 2022 amending Directives 2009/65/EC, 2009/138/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU, 2014/65/EU, (EU) 2015/2366 and (EU) 2016/2341 as regards digital operational resilience for the financial sector.

- (v) information and intelligence sharing in relation to cyber threats and vulnerabilities;
 - (vi) measures for the sound management of ICT third-party risk;
- (b) requirements in relation to the contractual arrangements concluded between ICT third-party service providers and financial entities;
- (c) rules for the establishment and conduct of the Oversight Framework for critical ICT third-party service providers when providing services to financial entities;
- (d) rules on cooperation among competent authorities, and rules on supervision and enforcement by competent authorities in relation to all matters covered by this Regulation.
- 1.4. The DORA Regulation entered into force on 16 January 2023 and applies as of 17 January 2025 and it is supplemented by Level II and Level III measures.

2. WHO THIS CONCERNS

- 2.1. The DORA Regulation applies to a number of Financial Entities. Article 46 of the DORA Regulation provides for certain National Competent Authorities ('**NCAs**'), ensuring the compliance of the Financial Entities.
- 2.2. Several of the Financial Entities based in Cyprus, fall under the responsibility of the Cyprus Securities and Exchange Commission ('**CySEC**'). More specifically this consultation paper concerns the following Financial Entities:
- (a) Cyprus Investment Firms, that fall under the Prudential Supervision Law 165(I)/2021 (**See article 46 point (c) of DORA Regulation**).

- (b) Crypto-Asset Services Providers authorised by CySEC under the Regulation (EU) No 2023/1114 (**See article 46 point (d) of DORA Regulation**) and issuers of Asset-Referenced Tokens when the Home Member State the issuer of the said tokens is the Republic and which has been authorised by CySEC, in accordance with article 21 of Regulation (EU) 2023/1114 - **See article 46 item (d) of DORA Regulation.**

- (c) central securities depositories, that have been authorised in the Republic for the basic services of Section A of Regulation (EU) No 909/2014 and/or for non-banking ancillary services of Section B of Regulation (EU) no. 909/2014 - **See article 46 point (e) of DORA Regulation.**

- (d) central counterparties that fall under Regulation (EU) No 648/2012 who are established in the Republic and Law 73 (I)/2009 (**See article 46 point (f) of DORA Regulation**).

- (e) Trading Venues of the Republic, **See article 46 point (g) of DORA Regulation and Law 87(I)/2017.**

- (f) Alternative Investment Funds Managers of the Republic - **See article 46 point (i) of DORA Regulation and Law 56(I)/2013.**

- (g) management companies, authorised by CySEC, **See article 46 point (j) of DORA Regulation and Law 78(I)/2012.**

- (h) crowdfunding services providers, authorised by CySEC, **See article 46 point (p) of DORA Regulation and Law 123(I)/2024.**

3. PROPOSED APPROACH

- 3.1. CySEC proposes an annual fee depending on the categorisation of the entity in question under DORA Regulation.
- 3.2. In addition to the annual fee, the entities that are obliged to undertake a Thread Lead Penetration Test ('TLPT'), which is a framework that mimics the tactics, techniques and procedures of real- life threat actors perceived as posing a genuine cyber threat, that delivers a controlled, bespoke, intelligence-led (red team) test of the financial entity's critical live production systems, will be obliged to pay TLPT assessment fee.
- 3.3. The table below outlines the proposed CySEC fees and charges applicable under DORA.

	DIGITAL OPERATIONAL RESILIENCE ACT	
(1)	FEES	PROPOSED FEE
	Annual ICT Oversight Fee	For microenterprises ² : €3.000 per year For small enterprises ³ : €6.000 per year For medium size enterprises ⁴ : €10.000 per year

² 'microenterprise' as defined in Article 3 of the Regulation (EU) 2022/2554, means a financial entity, other than a trading venue, a central counterparty, a trade repository or a central securities depository, which employs fewer than 10 persons and has an annual turnover and/or annual balance sheet total that does not exceed EUR 2 million.

³ 'small enterprise' as defined in Article 3 of the Regulation (EU) 2022/2554, means a financial entity that employs 10 or more persons, but fewer than 50 persons, and has an annual turnover and/or annual balance sheet total that exceeds EUR 2 million, but does not exceed EUR 10 million.

⁴ 'medium-sized enterprise' as defined in Article 3 of the Regulation (EU) 2022/2554, means a financial entity that is not a small enterprise and employs fewer than 250 persons and has an annual turnover that does not exceed EUR 50 million and/or an annual balance sheet that does not exceed EUR 43 million.

		For entities other than microenterprises, small enterprises or medium size enterprises: €20.000 per year
(2)	TLPT Article 26 of the Regulation 2022/2554	PROPOSED FEE
	Article 26, paragraph 7⁵ of DORA requires Authorities to assess the TLPT and provide financial entities with an attestation confirming that the test was performed in accordance with the relevant requirements as evidenced in the documentation in order to allow for mutual recognition of TLPTs between competent authorities.	€50.000 per TLPT assessed

3.4. For the purposes of the first line of table above, Financial Entities subject to CySEC's supervision will be required to submit a self-categorisation between 1 and 15 of September of each year, based on the most recent audited financial statements, accompanied with the relevant excerpts from the aforesaid audited financial statements and will be required to pay the respective fee by 30 November of the same year. For the avoidance of doubt the first ICT Oversight Fee will be paid in 2025.

⁵ Authorities shall provide financial entities with an attestation confirming that the test was performed in accordance with the requirements as evidenced in the documentation in order to allow for mutual recognition of threat led penetration tests between competent authorities. The financial entity shall notify the relevant competent authority of the attestation, the summary of the relevant findings and the remediation plans. Without prejudice to such attestation, financial entities shall remain at all times fully responsible for the impact of the tests referred to in paragraph 4.

4. QUESTIONS

4.1 Interested parties are invited to submit their comments and responses to the Questions listed below by no later than 7 March 2025.

4.2 You are kindly reminded that you should:

- i. Answer the questions in the order presented in this document;
- ii. Be concise; and
- iii. Provide your replies in a Word document.

Question 1:

Do you agree with the annual ICT Oversight Fee set out in line 1 of the table above?

Question 2:

Do you agree with the fee for the assessment of TLPT set out in line 2 of the table above?
