

## Press Release

### CySEC strengthens its supervisory role by exploring the potential use of financial technology

#### **Set of staff seminars in view of the implementation of important new European legislation in 2018**

As part of the continuing professional training of its staff, the Cyprus Securities and Exchange Commission (CySEC) is organising a set of internal seminars in view of the implementation of important new European legislation in 2018 and the prominent role of financial technology, known as FinTech, in the ever-changing financial environment.

“Undoubtedly, a modern, well-organised and thoroughly supervised securities market contributes to a great extent to the growth of the financial sector and the economy at large,” said CySEC’s Chairwoman, Demetra Kalogerou.

Mrs Kalogerou stressed that CySEC will focus on establishing good corporate governance and a culture of ethics in supervised entities which reflects the core principles of integrity, transparency and accountability, with the ultimate goal of protecting investors.

In this vein, CySEC is interested in exploring the capabilities of Regulatory Technology known as “RegTech” and whether it could be used by the Regulator to enhance the effective exercise of its supervisory role.

Mrs. Kalogerou said that in the last two years, for supervisory purposes CySEC has developed a comprehensive Risk-Based Supervisory Framework (RBSF) tool. This is designed to assess the risk and compliance requirements for each firm which allows CySEC to categorise entities under supervision according to their inherent risk profile, including their impact to the market.

Also, CySEC is exploring the use of Distributed Ledger Technology and in particular blockchain for algorithmic regulation purposes. In particular, CySEC is participating in the UCL Project regarding Blockchain Technology for Algorithmic Regulation and Compliance (BARAC), which aims to study the changes that blockchain could introduce to regulation and compliance and identify the possible benefits of its utilisation. Other Authorities and Entities taking part in this project include the Bank of England, the FCA, the CIIM and many technology/banking/financial services institutions in the UK.

CySEC is also participating in the Financial Innovation Standing Committee of the European Securities and Markets Authority (ESMA), which is looking at the influence of financial technology on European Directives and Regulations.

As stated during a recent seminar it held for the Media, CySEC is exploring the possibilities offered by financial technology as part of its effort to further enhance its supervision and not in order to promote any products based on it.

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