



**CYPRUS SECURITIES AND EXCHANGE COMMISSION**

---

**TO : Cypriot Investment Firms**  
**FROM : Cyprus Securities and Exchange Commission**  
**DATE : 13 November 2007**  
**CIRCULAR No : C144-2007-01**  
**FILE No : E.K. 6.1.14**  
**SUBJECT : Law providing for the provision of investment services, the exercise of investment activities, the operation of regulated markets and other related issues**

---

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

1. The Law providing for the provision of investment services, the exercise of investment activities, the operation of regulated markets and other related issues ('the Law') has been published in the Official Gazette of the Republic on 26 October 2007 with number L. 144(I)/2007.
2. The Commission's Directives:
  - i. D144-2007-01 for the CIFs Authorisation and Operating Conditions, and
  - ii. D144-2007-02 for the Professional Competence of the Investment Firms and the natural persons employed by them,have been published in the Official Gazette of the Republic on 2.11.2007 with numbers RAD ('Regulatory Administrative Decision') 426/2007 and RAD 427/2007, respectively.
3. The CIF authorisations for operation that have been issued until 31<sup>st</sup> October 2007 are also considered as such under the Law.
4. The Commission intends to replace the authorisations for operation mentioned in point 3 above, with new authorisations so that they are consistent with the Law. For information purposes, an Annex is attached showing the mapping of the services and financial instruments of the Investment Firms law, no longer in effect, with the services, activities and financial instruments of the Law.

5. The notifications for the provision of services cross-border, for the first time, in other member states, that were submitted under the law, no longer in effect, are also considered as made for the purposes of article 79 of the Law.
6. The European Commission has created a frequently asked questions (FAQs) page in its Web site which relates to the European Directives 2004/39/EC, 2006/73/EC and Regulation 1287/2006. Anyone wishes can post questions regarding the above to the European Commission. For more information please visit the following address: [http://ec.europa.eu/internal\\_market/securities/isd/questions/index\\_en.htm](http://ec.europa.eu/internal_market/securities/isd/questions/index_en.htm).

Sincerely

Akis Hadjipieris  
Vice-chairman, Cyprus Securities and Exchange Commission

/NN

## Annex

## Mapping of Services of law no longer in effect with Law

Law no longer in effect	Law
Investment Services according to Part I of First Annex	Investment services and activities according to Part I of Third Annex
1. (i) Reception and transmission, on behalf of investors, of orders in relation to one or more of the financial instruments listed in Section B	1. Reception and transmission of orders in relation to one or more financial instruments
(ii) Execution of such orders other than for own account	2. Execution of orders on behalf of clients
2. Dealing in any of the instruments listed in Section B for own account	3. Dealing on own account
3. Managing of investment portfolios in accordance with mandates given by investors on a discriminatory, client-by-client basis where such portfolios include one or more financial instruments	4. Portfolio management
	5. Investment advice  <i>(moved from Non-Core Services according to law no longer in effect. For transition see non-core services with number 6 according to law no longer in effect)</i>
4. Underwriting in respect of issues of any of the financial instruments listed in Part II and/or the placing of such issues	6. Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis and 7. Placing of financial instruments without a firm commitment basis
(new activity)	8. Operation of Multilateral Trading Facilities
Non-core services according to Part III of the First Annex	Ancillary services according to Part II of the Third Annex

1. Safekeeping and administration in relation to one or more financial instruments	1. Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management
2. Safe custody services	
3. Granting credits or loans to an investor to allow him to carry out a transaction in one or more of the instruments listed in Section B, where the firm granting the credit or loan is involved in the transaction	2. Granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction
4. Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings	3. Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings
5. Services related to underwriting	6. Services related to underwriting
6. Investment advice concerning one or more financial instruments	<i>Transferred to investment services and activities, no. 5</i>
(new activity)	5. Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments
7. Foreign-exchange services where these are connected with the provision of investment services	4. Foreign exchange services where these are connected to the provision of investment services
(new service/ activity)	7. Investment services and activities as well as ancillary services of the type included under Section A or B of Annex 1 related to the underlying of the derivatives included under Section C – 5, 6, 7 and 10 - where these are connected to the provision of investment or ancillary services

**Financial Instruments according to Part**

**Financial Instruments according to Part**

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

II of the First Annex	III of the Third Annex
1. Transferable securities and units in collective investment undertakings	1. Transferable securities 3. Units in collective investment undertakings
2. Money-market instruments	2. Money-market instruments
3. Financial-futures contracts, including equivalent cash-settled instruments	4. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash.
4. Forward interest-rate agreements (FRAs)	
5. Interest-rate, currency and equity swaps	
6. Options to acquire or dispose of any instruments falling within this section of the Annex, including equivalent cash-settled instruments. This category includes in particular options on currency and on interest rates	
new financial instrument	5. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event)
new financial instrument	6. Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market and/or an MTF
new financial instrument	7. Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in C.6 and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and

	settled through recognised clearing houses or are subject to regular margin calls
new financial instrument	<b>8.</b> Derivative instruments for the transfer of credit risk
new financial instrument	<b>9.</b> Financial contracts for differences
new financial instrument	<b>10.</b> Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event), as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market or an MTF, are cleared and settled through recognised clearing houses or are subject to regular margin calls