

**DIRECTIVE DI109-2007-05 of 2012
OF THE CYPRUS SECURITIES AND EXCHANGE COMMISSION ON THIRD COUNTRIES
(EQUIVALENT REQUIREMENTS)**

CLASSIFICATION OF SECTIONS

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The Cyprus Securities and Exchange Commission in accordance with the powers vested in it by virtue of articles 43(6)(a)(ii), 43(6)(c) and 56 of the Transparency Requirements (Transferable Securities Admitted to Trading on a Regulated Market) Law of 2007 as in force and for the purpose of harmonisation with:

Official Journal of the EU: L69, 9.3.2007, p. 27

Articles 13, 14, 15, 16, 17, 18, 19, 20, 21, 22 and 23 of the act of the European Community titled «Commission Directive 2007/14/EC of 8 March 2007 laying down detailed rules for the implementation of certain provisions of Directive 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market»,

issues the following Directive:

- Summary title. 1. The present Directive shall be referred to as the Third Countries (Equivalent Requirement) Directive DI190-2007-05 of 2012.
- Definition. 2. In the present Directive unless the context otherwise prescribes -
- «interim management statement» means the statement as defined in article 11 of the Law·
- «half-yearly financial report» means the report as defined in article 10 of the Law·
- «annual financial report» means the report as defined in article 9 of

the Law·

«Regulation 1606/2002» means the act of the European Community titles “Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards”, as amended·

190(I) of 2007
72(I) of 2009

«Law» means the Transparency Requirements (Transferable Securities Admitted to Trading on a Regulated Market) Law of 2007 as in force ·

«Directive DI109-2007-02» means the Directive of the Cyprus Securities and Exchange Commission on the Conditions of Independence between Management Companies and Investment Firms and their Parent Companies to be Exempted from the Obligation to Aggregate their Holdings·

Any terms used in the present Directive and not otherwise interpreted shall have the meaning attributed to them by the Law.

Where in the present Directive reference is made to the Law, this includes any regulatory administrative decisions issued thereof.

Scope

3. The scope of the present Directive is to specify -
- (a) the requirements in third countries, which are considered equivalent to those provided for by the Law, and
 - (b) the requirements of independence in third countries, which are considered equivalent to those provided for by the Law.

Equivalent requirements for annual financial report

4. Regarding the content of the annual financial report, a third country shall be deemed to set requirements equivalent to those-
- (1) set out in article 9(3)(b) of the Law, where, under the law of that country, the management report is required to include at least the following information -
 - (a) a fair review of the development and performance of the issuer’s business and of its position, together with a description of the principal risks and uncertainties that it faces, such that the review presents a balanced and comprehensive analysis of the development and performance of the issuer’s business and of its position, consistent with the size and complexity of the business, as well as, to the extent necessary for an understanding of the issuer’s development, performance or position, include both financial and, where appropriate, non-financial key performance indicators relevant to the particular business,

- (b) an indication of any important events that have occurred since the end of the financial year,
 - (c) indications of the issuer's likely future development.
- (2) set out in articles 9(3)(c) and 9(7) of the Law, where, under the law of that country, a person or persons within the issuer are responsible for the annual financial information, and in particular for the following-
- (a) the compliance of the annual financial statements with the applicable reporting framework or set of accounting standards,
 - (b) the fairness of the information of paragraph (1) included in the management report.

It is provided that the Commission may request from the persons refer to in the present paragraph to submit a statement verifying those provided for in subparagraphs (a) and (b).

- (3) set out in article 9(4)(b) of the Law, where, under the law of that country, an issuer, whose registered office is in that third country and who is not required to prepare consolidated accounts, is required to prepare individual accounts in accordance with -
- (a) international accounting standards recognised within the Community pursuant to article 3 of Regulation 1606/2002, or
 - (b) third country national accounting standards which are considered equivalent to those of subparagraph (a).

For the purposes of equivalence, if the financial information included in the individual accounts is not prepared in accordance with the standards of sub-paragraph (a) or (b), it must be presented by the issuer in the form of restated financial statements in accordance with the standards of sub-paragraph (a) or (b).

The individual accounts must be audited independently.

- (4) set out in article 9(4)(d) of the Law, where, under the law of that country -
- (a) the parent company is not required to draw up individual accounts, but
 - (b) the issuer, whose registered office is in that third country, is required to draw up consolidated accounts, including the following information-

- (i) for issuers of shares, dividends computation and ability to pay dividends,
- (ii) the minimum capital and equity requirements and liquidity issues, where applicable.

For the purposes of equivalence, the issuer must also be able to provide the Commission with additional audited disclosures giving information on the individual accounts of the issuer, relevant to the elements of information referred to under subparagraph (b), where those disclosures may be drawn up in accordance with the accounting standards of the third country.

Equivalent requirements for half-yearly financial report

5. Regarding the content of the half-yearly financial report, a third country shall be deemed to set requirements equivalent to those -
- (1) set out in article 10(6) of the Law, where, under the law of that country -
 - (a) a condensed set of financial statements is required in addition to the interim management report, and
 - (b) the interim management report is required to include at least the following information -
 - (i) review of the period covered,
 - (ii) indications of the issuer's likely future development for the remaining six months of the financial year,
 - (iii) for issuers of shares, major related parties transactions during the first six months of the financial year if not already disclosed on an ongoing basis.
 - (2) set out in articles 10(3)(c) and 10(7) of the Law, where, under the law of that country, a person or persons within the issuer are responsible for the half-yearly financial information, and in particular for -
 - (a) the compliance of the interim financial statements with the applicable reporting framework or set of accounting standards,
 - (b) the fairness of the information set out in paragraph (1)(b) included in the interim management statement.

It is provided that the Commission may request from the persons prescribed in the present paragraph to submit a statement verifying those provided for in subparagraphs (a) and (b).

Equivalent requirements for interim management statement and quarterly financial report

6. Regarding the interim management statement and the quarterly financial report, a third country shall be deemed to set requirements equivalent to those set out in articles 11 and 12 of the Law, where, under the law of that country, the issuer is obliged to publish quarterly financial reports.

Equivalent requirements for the disclosure of acquisition or disposal of own shares

7. Regarding the obligation of an issuer to disclose the acquisition or disposal of own shares, a third country shall be deemed to set requirements equivalent to those set out in article 17 of the Law, where, under the law of that country, an issuer whose registered office is in that third country, is required to comply with the following conditions -

- (a) in the case of an issuer allowed to hold up to a maximum of 5 % of its own shares to which voting rights are attached, it must make a notification whenever that threshold is reached or crossed,
- (b) in the case of an issuer allowed to hold up to a maximum of between 5 % and 10 % of its own shares to which voting rights are attached, it must make a notification whenever a 5 % threshold or that maximum threshold is reached or crossed,
- (c) in the case of an issuer allowed to hold more than 10 % of its own shares to which voting rights are attached, it must make a notification whenever the 5 % threshold or the 10 % threshold is reached or crossed.

It is provided that for the purposes of equivalence, notification above the 10 % threshold need not be required.

Equivalent requirements for the disclosure of the total number of voting rights and capital

8. Regarding the obligation of an issuer to disclose the total number of voting rights and capital, a third country shall be deemed to set requirements equivalent to those set out in article 18 of the Law where, under the law of that country, the issuer, whose registered office is in that third country, is required to disclose to the public the total number of voting rights and capital within 30 calendar days after an increase or decrease of such total number has occurred.

Equivalent requirements for the disclosure of notified information regarding acquisition or disposal of voting rights

9. Regarding the obligation of an issuer to disclose notified information in relation to the acquisition or disposal of its voting rights, a third country shall be deemed to set requirements equivalent to those set out in article 19 of the Law where, under the law of that country, the time period within which an issuer, whose registered office is in that third country, must be notified of the acquisition or disposal of voting rights by the person subject to the obligation pursuant to articles 29, 30 and 32 of the Law and within which an issuer is under an obligation to disclose the notified information, is in total equal to or shorter than seven (7) trading days.

Equivalent requirements for the framework of communication among holders of securities

10. Regarding the obligation set out in articles 25(3)(a) and 26(3)(a) of the Law in relation to the content of information for the meetings, a third country shall be deemed to set requirements equivalent to those set out in article 25(3)(a) and 26(3)(a) of the Law where, under the law of that country, an issuer, whose registered office is in that third country, is required to provide at least information on the place, time and agenda of the meetings.

Equivalent requirements for the independence of the parent investment firm and the parent management company

11. (1) Regarding the conditions provided for in articles 34 and 35 of the Law, a third country shall be deemed to set requirements equivalent to those set out in article 34, paragraphs (1) and (2), and in article 35, paragraphs (1) and (2), of the Law and in Directive DI 190-2007-02 where, under the law of that country, a management company or an investment firm as referred to in article 43(5) of the Law complies with the following conditions:
- (a) in all situations, exercises the voting rights attached to the assets it manages independently of its parent undertaking, and
 - (b) disregards the interests of the parent undertaking or of any other controlled undertaking of the parent undertaking whenever conflicts of interest arise.
- (2) The parent company of a management company or the parent company of an investment undertaking is required to-
- (a) comply with the notification requirement to the Commission as provided for in article 5 of Directive DI-190-2007-02,
 - (b) make a statement to the Commission that, for each management company or investment firm concerned, the parent company complies with the conditions laid down in sub-paragraphs (a) and (b), of paragraph (1) of this article.
- (3) Subject to articles 46 and 47 of the Law, the parent company of a management company or the parent company of an investment firm must satisfy the Commission, upon request of the latter and the soonest possible, that it complies with the requirements of article 6 of Directive DI-190-2007-02.

Repeal of Directive DI190-2007-05 of 2011

12. The Commission's Directive on Third Countries (Equivalent Requirement), with reference R.A.D. 418/2011, is hereby repealed and substituted with the present Directive.

Official Gazette,
Annex III(I):
17.10.2011

Entry into force.

13. This Directive shall enter into force on the date of its publication in the Official Gazette of the Republic.

The present English text is for information purposes only and is not legally binding. The legally binding document is in the Greek language.

