

**DIRECTIVE DI 116-2005-05 OF 2012
OF THE CYPRUS SECURITIES AND EXCHANGE COMMISSION
ON THE CODE OF CONDUCT OF DIRECTORS
AND RELATED PERSONS**

The Cyprus Securities and Exchange Commission, in accordance with the powers vested in it by virtue of section 13 of the Insider Dealing and Market Manipulation (Market Abuse) Law of 2005, issues the following Directive:

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| Short Title | 1. | This Directive shall be referred to as the Code of Conduct of Directors and Related Persons Directive DI 116-2005-05 of 2012. |
| Definition | 2. | <p>In this Directive, unless the context shall prescribe otherwise:</p> <p>"prohibited period" means any period during which a director or related person or person closely associated to a director or related person shall be prohibited to carry out transactions in an issuer's titles according to the provisions of paragraph 8(2) of this Directive.</p> <p>"closed period" means any period during which a director or a related person or person closely associated to a director or related person shall be prohibited to transact in an issuer's titles according to the provisions of paragraph 5(2) of this Directive.</p> <p>"Law" means the Insider Dealing and Market Manipulation (Market Abuse) Law of 2005, as in force.</p> |
| 41(I)/2007 | | <p>"Offeror" has the meaning ascribed to this term by section 2 of the Public Takeover Bids Law of 2007.</p> <p>"Director" means any person holding the post of director to an issuer or having the authority to exercise essentially the same functions, in relation to the management of the issuer, as those exercised by the director of the issuer and includes a person possessing together with persons connected to him a least 20% percent of the issuer's voting rights or a person according to whose instructions or orders the issuer's director or anyone amongst them usually act.</p> <p>Provided that any third person on the ground alone that directors acts in accordance with the instructions or orders the said person gives them in his professional capacity shall not be regarded as director.</p> <p>"related person" means the holding company, subsidiary company, related company, secretary, employees provident fund, the auditors and any of the issuer's employees or directors or employees or the employees' provident fund or auditors of an issuer's subsidiary or parent company who, because of his post or employment by the issuer or by an issuer's subsidiary or parent company, may possess inside information in relation to the issuer</p> <p>"transaction" includes any sale or purchase of or agreement to sell or purchase financial instruments of an issuer and the grant, right or obligation, present or future conditional or unconditional to acquire or dispose of financial instruments or any interest in financial instruments of an issuer.</p> <p>"related company" means either the company in which the issuer possesses a percentage of over 20% of its share capital or a company which possesses over 20% of the issuer's share capital.</p> |

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Terms used in this Directive that are not interpreted differently shall have the meaning given to them by the Law.

Where in this Directive, reference is made to the Law, this includes the Regulations issued thereof.

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| Scope | 3. | The scope of this Directive is to lay down a code of conduct which the administrative, managerial, supervisory and auditing bodies, other employees of an issuer and the persons closely associated to such persons, in relation to transactions in financial instruments of the issuer must comply with, in accordance to the provisions of section 13 of the Law. |
| Prohibition of transactions with a short horizon | 4. | (1) No director or related person or person closely associated to a director or related person, shall be able to carry out transactions directly or indirectly, in an issuer's financial instruments with a short horizon.
(2) A director or related person should take all the necessary precautions, so as to avoid any transactions or on behalf of persons related to him in an issuer's titles with short horizon. |
| Prohibition of transactions at closed periods | 5. | (1) No director or related person or person closely associated to a director or related person shall be able to carry out transactions in an issuer's financial instruments during a "closed period".

(2) A "closed period" is -

(a) the period of one month preceding the end of the relevant financial year which extends up to the date of announcement of preliminary results;
(b) the period of the one month preceding the end of the half-year which extends up to the date of announcement of the half-yearly results.

(3) A director or related person should take all the necessary precautions, so as to avoid any transactions or on behalf of persons closely associated to him in an issuer's financial instruments during a "closed period".

(4) In the event of discontinuance or resignation of a Director or a related person where it applies, during the closed period, the limitations of the present section continue to obligate themselves and the persons closely associated with them until the expiration of the aforementioned closed period.

(5) Without prejudice to the provisions of Directive (EC) no.2273/2003, the prohibition of subsection (1) also applies for the issuer who runs, directly or through his representative, a programme of repurchase of his own shares. |
| Non possibility of a transaction | 6. | No director or related person or person closely associated to a director or related person shall be able to carry out transactions in an issuer's financial instruments at any time during which he has not been granted a licence under paragraph 7 or exemption under paragraph 10A. |
| Grant of licence to conclude a transaction | 7. | (1) No director or related person or person closely associated to a director or related person shall be able to carry out transactions in an issuer's financial instruments, unless he previously mentions this, in writing, to the Chairman of the Board of Directors or other authorized, by the Chairman, executive member of the Board of Directors and is granted a written license.

(2) Regarding his own case, the Chairman of the Board of Directors shall not be able to carry out transactions in the issuer's financial instruments unless he previously mentions this, in writing, to the Vice Chairman or Alternate Chairman of the Board of Directors and is granted a written license.

(3) The authorized, by the Chairman, executive member of the Board of Directors, shall not be able to carry out transactions in the issuer's financial instruments unless he previously mentions this, in writing, to the Chairman of the Board of Directors and is granted a written license. |

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- Cases of refusal **8.** (1) No license may be granted to a director or related person or to a person closely associated to a director or related person to carry out transactions in an issuer's financial instruments during a prohibited period.
- (2) For the purposes of this Directive "**prohibited period**" means-
- (a) any closed period;
- (b) any period during which there is any matter that constitutes inside information regarding the issuer's financial instruments, regardless of whether the director knows this matter or not, or
- (c) any period during which the person responsible for granting a license for the conclusion of the transaction has reasons to believe that the proposed transaction is carried out in contravention of the Law.
- Keeping of Archives **9.** The issuer shall keep archives with the necessary licenses for the conclusion of transactions by the directors, the related persons and the persons closely associated to a director or related person, in accordance with paragraph 6, as well as about the licenses granted to such persons, which must be granted in writing. Any director or related person or person closely associated to a director or related person requesting a license should receive a written confirmation from the issuer that his application for a licence, and the licence, if granted, has been entered in the archives.
- Transactions in extraordinary cases **10.** (1) A licence may be granted to a director or related person or person closely associated to a director or related person to sell, but not to purchase, an issuer's financial instruments, while in normal conditions he would be prohibited to do this, in extraordinary and urgent cases, when this is the only existing reasonable way out for a director or related person or person closely associated to a director or related person, such as in the case of a pressing financial obligation of the director or related person or person closely associated to a director or related person which could not be otherwise satisfied.
- (2) The ascertainment whether a case is extraordinary and urgent must be done by the person authorized to grant the license to the director or the related person and should be adequately justified.
- (3) The justification should be entered in the archives kept by the issuer according to paragraph 9.
- Purchase during a Public Takeover Bid **10A.** (1) The Commission may grant, with its absolute discretion, exemption from the provisions of the present Directive which do not allow a person to purchase an issuer's financial instruments during the closed period in the following circumstances:
- (a) Where this person is acting as an offeror within the framework of a public takeover bid and has made an announcement, within its meaning of section 6 of the Public Takeover Bids Law of 2007, before the initiation of the closed period and the period of acceptance expires during the closed period.
- (b) Where a person will exercise its right/obligation provided by sections 36 and 37 of the Public Takeover Bids Law of 2007.
- (2) The request for the grant of an exemption is submitted in writing to the Commission.
- (3) The persons to whom an exemption is granted under the present paragraph are not obligated to obtain any other licence as prescribed in paragraph 7.
- Director or related person **11.** (1) When a director or related person acts as trustee, the provisions of this Directive shall apply as if the director or the related person acts for himself.

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acting as a trustee	(2) When a director or related person is co-trustee, he should inform his co-trustees about the name of the issuer to whom he is a director or related person.
	(3) When a director or related person is not beneficiary of the trust, transactions in an issuer's financial instruments carried out by the trust, shall not be considered as transactions carried out by the director or the related person for the purposes of this code, when the decision for the conclusion of the transaction shall be taken by other trustees acting independently from the director or the related person or from an investment manager on behalf of the trustees:
	Provided that the other trustees or the investment manager shall be considered as having acted independently from the director or the related person for the purpose of this paragraph, if-
	(a) they had decided to conclude the transaction without the consultation with or any involvement of the director or related person referred to;
	(b) they had entrusted the decision to a committee the director or the related person of which is not a member.
Management of portfolio with discretionary power on behalf of a director or related person	<p>12. (1) It is forbidden to an investment manager who manages a portfolio under management with discretionary power for the benefit of a person who is a director or related person in an issuer, from transacting for the benefit of the said person in financial instruments of the issuer, without prior written or recorded verbal authorization from the director or the related person:</p>
	It is provided that for the said authorization to be given, relevant license must first be granted to the director or related person in accordance with the provisions of section 7 of the present Directive.
	(2) The limitations of the present section do not apply in the circumstances where the director or the related person is an investment firm of which:
	(a) the titles have been admitted in the CSE and
	(b) the main activity is investments in financial instruments
Information to related persons	<p>13. For the purposes of subparagraph (2) of paragraph 4, of subparagraph (3) of paragraph 5, of subparagraph (3) of paragraph 8 and of paragraph 12, any director or related person should inform, in writing, the persons or person closely associated with him and the investment managers about:</p>
	(a) the name of the issuer to whom he is a director or related person;
investment managers	(b) the prohibition of executing transactions in financial instruments with a short horizon;
	(c) the closed periods during which they and the persons related to them cannot conclude transactions in the issuer's financial instruments;
	(d) the prohibited periods when the director or the related person knows that he is not permitted to conclude transactions in the issuer's financial instruments, unless the obligation for confidentiality he has towards the issuer prevents him from disclosing such periods.
Special cases of granting rights for purchase of shares	<p>14. The granting of rights for purchase of shares by the Board of Directors under a plan for granting shares to the personnel may be permitted during a prohibited period if such granting could not be reasonably done in another period and the non granting would make it obvious that the issuer was in a prohibited period.</p>
Exercise of rights to purchase shares and	<p>15. (1) The Chairman of the Board of Directors or another authorized person or other authorized persons may allow the exercise of rights to purchase shares, under a plan for granting shares to the personnel, or the conversion of convertible titles, when the final date for the exercise of these rights or conversion of the titles falls</p>

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- conversion of convertible titles during a prohibited period and the director or the related person or person closely associated to a director or related person could not reasonably exercise the rights or convert the titles on an earlier date, when he was free to do so.
- (2) Despite the fact that the exercise of the rights to purchase shares or to convert the convertible titles is permitted under subparagraph (1) of this paragraph, the Chairman of the Board of Directors or another authorized person or other authorized persons cannot give a licence for the conclusion of a sale transaction regarding the titles acquired from such exercise or conversion.
- Mutual Funds **16.** Any director or related person or person closely associated to a director or related person may carry out transactions in units of an undertaking in collective investment notwithstanding the provisions of this Directive.
- Re-investment plans **17.** Any director or related person or person closely associated to a director or related person may participate in a plan under which issuer's financial instruments may be acquired as a result of the re-investment of dividends or other income from these financial instruments.
- Instructions related to other transactions **18.** (1) Without prejudice to the above, the following shall constitute transactions for the purposes of this Directive:
- (a) Transactions between directors and/or related persons;
 - (b) Transactions by directors or related persons, the subject of which is at a percentage of 20% or greater, directly or indirectly, shares of a company which possesses titles of the issuer;
 - (c) Free of charge transfers by a director.
- (2) Regardless of the interpretation of the term "transaction", the following transactions shall not be subject to the provisions of this Directive:
- (a) the exercise of the rights of option in the case of increase of the issuer's capital or the acceptance of another offer including the offer of shares instead of dividends;
 - (b) the non exercise of rights of option or rejection of another offer including the offer of shares instead of dividends;
 - (c) the sale of sufficient rights of option enabling the exercise of the rest of the option rights;
 - (d) the undertaking of a commitment to accept or the acceptance of a public redemption proposal of the issuers;
 - (e) the annulment or the granting of rights to purchase shares under a plan for giving shares to the personnel;
 - (f) transactions between a director or related person and his or her spouse or his underage children or companies completely owned by him.
 - (g) the granting of shares or options to members of the Board of Directors or persons discharging managerial responsibilities in the issuer or the rest of the issuer's employees, as part of a share bonus scheme.

- Communications to the Securities Exchange Commission
- by the issuer
- Sanctions
- Repeal of existing Directive DI116-2005-05 of 2011
- Official Gazette of the Republic, Annex III(I): 17.10.2011
- Entry into Force
- 19.** The issuer shall be obliged to disclose to the Securities and Exchange Commission, any violation of this Directive immediately after such violation has come to his knowledge mentioning also the date on which the event came to his knowledge, and, if known, the date on which the relevant transactions were concluded.
- 20.** Any person in breach of the provisions of this Directive shall be subject to an administrative fine imposed by the Cyprus Securities and Exchange Commission according to the provisions of section 15 of the Law.
- 21.** The Commission's Directive on the code of conduct of directors and related persons with reference Regulatory Administrative Decision (Κ.Δ.Π.) 408/2011, is hereby repealed and substituted with the present Directive.
- 22.** This Directive shall enter into force on the day of its publication in the Official Gazette of the Republic.