
TO : **Regulated Entities:**

i. **Alternative Investment Fund Managers ('AIFMS')**

ii. **UCITS Management Companies**

FROM : **Cyprus Securities and Exchange Commission**

DATE : **18 June 2024**

CIRCULAR NO. : **C645**

SUBJECT : **Commission's review of the investment firms' prudential framework**

The Cyprus Securities and Exchange Commission (the 'CySEC') wishes to inform the Regulated entities that of the European Banking Authority (EBA) and European Securities Markets Authority (ESMA) issued on June 3, 2024, a [Discussion Paper on the European Commission's call for advice on the IFD/IFR \(the 'Discussion Paper'\)](#). Specifically,

1. Article 60 of Regulation (EU) 2019/2033 (IFR) and Article 66 of Directive (EU) 2019/2034 (IFD) mandate the European Commission to submit a report to the European Council and to the European Parliament regarding multiple aspects of the IFD and IFR. In its report, the European Commission may include a legislative proposal to amend the prudential framework applicable to investment firms.

Therefore, the European Commission expects the EBA and ESMA to assess the impact of the proposed changes against the current framework and publish a final report.

2. The Discussion Paper touches upon a broad range of topics, including amongst others:
- An analysis of the interactions of IFD and IFR with other regulations, the interaction with the own funds requirements applicable to AIFMs and UCITS management companies providing ancillary MiFID services.
 - The remuneration in relation to investment firms, AIFMs and UCITS management companies, including the scope of application, remuneration policies, the requirements on variable remuneration, their oversight, disclosure and transparency.
3. The Regulated Entities may submit their comments on the issues raised in the Discussion Paper, **by 3 September 2024**.
4. To assess the impact of the possible changes discussed in the Consultation Paper the EBA launched a [data collection exercise](#) for UCITS management companies and AIFMs. The participation in this data collection exercise is voluntary.

5. UCITS management companies and AIFMs participating in the data collection are required to submit the completed [templates](#) to CySEC **by July 19, 2024** via email to prudential@cysec.gov.cy. Following the data quality assurance, the Regulated Entities may be required to re-submit revised templates, by 23 August 2024.
6. For more information regarding the above you may visit this [link](#).
7. CySEC strongly encourages the UCITS management companies and AIFMs to submit comments on the issues raised in the Discussion Paper and participate in this data collection exercise.

Sincerely,

Dr. George Theocharides
Chairman
Cyprus Securities and Exchange Commission