



**CYPRUS SECURITIES AND EXCHANGE COMMISSION**

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TO : Cyprus Investment Firms  
 FROM : Cyprus Securities and Exchange Commission  
 DATE : 19 September 2007  
 CIRCULAR No: : IF(2007-13)  
 FILE No: : E.K. 6.1.14  
 SUBJECT : Seminar on Capital Adequacy

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

**A. Commission's Directive on CIFs Capital Adequacy**

1. The Commission concluded the preparation of the Directive ('the Directive'), which implements the provisions of the European Directives 2006/48/EC and 2006/49/EC and refers to the CIFs capital adequacy. The Directive will be published in the Official Gazette of the Republic after the Law 'on the provision of investment services, the performance of investment activities, the operation of regulated markets and other related matters of 2007 ('the Draft Proposed Law')' goes into effect. The Directive will be in effect as of January 1, 2008. The draft directive can be found at the main page of the Commission's Web Site ([http://www.cysec.gov.cy/default\\_en.aspx](http://www.cysec.gov.cy/default_en.aspx)).
2. The Committee of European Banking Supervisors – CEBS has prepared and published guidelines as far as the Common Reporting ('COREP') is concerned which will be used by credit institutions and Investment Firms for the calculation of their capital adequacy after adopting and implementing the European Directives mentioned in part 1 above.

The Commission encourages the CIFs to study the COREP, which is published at the CEBS Web Site (<http://www.c-ebs.org/standards.htm>) and start scheduling its adoption. It is noted that the Commission intends to incorporate into the COREP, at a later stage, the references to Directive's paragraphs.

The COREP tables should be completed according to the method used by each CIF for the calculation of the required capital. For example, the tables for calculating the credit risk according to IRB standardised and advanced methods will not be completed by CIFs using the standardised approach.

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It is further noted that COREP will replace the existing capital adequacy statements (E.K. 11) which are submitted to the Commission.

## **B. Seminar**

1. The Commission wishes to inform the CIFs that it intends to organise a two-day seminar regarding the CIFs capital adequacy. The Seminar will be based on the Commission's directive.
2. The seminar will take place in Nicosia on October 8 – 9, 2007 and repeated in Limassol on October 11 – 12, 2007. The participation cost is CYP200 per participant. More information about the venue and seminar times will be posted at a later stage.
3. Due to constraints in the number of seats, each CIF should appoint one participant to take part in the seminar. It is noted that the participants should be well informed the subjects related to the CIF capital adequacy. In addition, the participants should study the Commission's directive prior to attending the seminar.
4. The CIFs interested in participating should contact the Commission, by **Tuesday 25 September 2007** the latest, at electronic address [investmentfirms@cysec.gov.cy](mailto:investmentfirms@cysec.gov.cy), submitting full name of the participant.

Sincerely

Georgios Charalambous  
Chairman, Cyprus Securities and Exchange Commission

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