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TO : i. **Cyprus Investment Firms**  
ii. **UCITS Management Companies**  
iii. **Administrative Services Providers**

FROM : **Cyprus Securities and Exchange Commission**

DATE : **29 January, 2014**

CIRCULAR No : **CI144-2014-05**

FILE No : **E.K. 6.1.14**

SUBJECT : **Development of a Risk Based Supervision Framework**

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The Cyprus Securities and Exchange Commission ('the Commission') wishes to inform the Cyprus Investment Firms, UCITS Management Companies and Administrative Services Providers ('the Regulated Entities') the following:

**1. Risk Based Supervision Framework ('RBS-F)**

- i. One of the strategic objectives of the Commission is to increase its efficiency and effectiveness in supervising the Regulated Entities thus ensuring the healthy operation of the entities under its supervision.
- ii. In this regard, the Commission is in the process of designing and developing a framework for the risk-based supervision of the Regulated Entities.
- iii. The RBS-F shall include the processes and procedures, methodology and software tools that will be used by the Commission in its supervisory role. Such processes, procedures, methodology and software tools will enable the Commission to determine its supervisory approach, by evaluating and accounting for the risks faced by each Regulated Entity.
- iv. It is anticipated that the successful implementation of this project will contribute significantly to the transparent, consistent, efficient and effective operation of the Commission, as the supervision will be conducted in an objective manner, based on both the internal and external risks faced by each Regulated Entity.
- v. The above project is at its early stages and it is expected to take more than 12 months to complete. During the development period, the Commission will work

closely with all the Regulated Entities as their input is vital to the successful development of the RBS-F. In this respect the Commission plans to:

- Request information from its Regulated Entities that will be used in the development of the RBS-F.
- Inform them from time to time on the progress of the project.
- Consult them on various issues that may arise.

## 2. Information requested by the Commission

Given the above, the Commission requests currently **only Investment Firms** to complete the table in the **Appendix** and submit it to the electronic address [supervision@cysec.gov.cy](mailto:supervision@cysec.gov.cy), not later than **February 3<sup>rd</sup>, 2014**.

## 3. Contacts

Should you have any queries on the completion of the **Appendix**, please do not hesitate to contact: Mrs. Marinella Georghiadou (Officer, Supervision Department), or send an email to the address [supervision@cysec.gov.cy](mailto:supervision@cysec.gov.cy).

Yours sincerely

Demetra Kalogerou  
Chairman, Cyprus Securities and Exchange Commission

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