

**LAW REGULATING THE STRUCTURE, RESPONSIBILITIES, POWERS,
ORGANISATION OF THE SECURITIES AND EXCHANGE COMMISSION AND
OTHER RELATED ISSUES**

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PART I – INTRODUCTORY PROVISIONS

Short title. 1. This Law shall be cited as the Cyprus Securities and Exchange Commission Law of 2009.

Interpretation. 2. In this Law, unless the context shall otherwise prescribe –

«competent supervisory authority abroad» means a competent supervisory authority entrusted with the exercise of responsibilities corresponding to those of the Commission in a state other than the Republic;

«Republic» means the Republic of Cyprus;

«Special Committee» means the Committee composed in accordance with section 23;

«Issuer» means a person that has issued or issues or intends to issue financial instruments, either listed for trading on a regulated market or for which an application has been submitted for listing for trading on a regulated market;

«abroad» means a country other than the Republic;

144(I) of 2007. «investment firm» or «IF» has the meaning attributed thereto by Section 2 of the Investment Services and Activities and Regulated Markets Law;

«Cyprus Securities and Exchange Commission» means the Commission provided for in section 4(1), hereinafter cited as the «Commission».

Cap. 113.
9 of 1968
76 of 1977
17 of 1979 «company» means a limited company with shares incorporated in accordance with the provisions of the Companies Law or a company incorporated abroad in accordance with the law in force in the country of its incorporation;

105 of 1985
198 of 1986
19 of 1990
46(I) of 1992
96(I) of 1992
41(I) of 1994
15(I) of 1995
21(I) of 1997
82(I) of 1999
149(I) of 1999
2(I) of 2000
135(I) of 2000
151(I) of 2000
76(I) of 2001
70(I) of 2003
167(I) of 2003
92(I) of 2004
24(I) of 2005
129(I) of 2005
130(I) of 2005
98(I) of 2006
124(I) of 2006
70(I) of 2007
71(I) of 2007
131(I) of 2007
186(I) of 2007
87(I) of 2008
41(I) of 2009
49(I) of 2009.

«relevant legislation» means the laws and regulatory administrative acts pertaining to or issued by the Stock Exchange or by other regulated market or by the Cyprus Securities and Exchange Commission or generally pertain to the capital market, and includes the following laws and Regulations issued thereunder:

116(I) of 2005 (a) the Insider Dealing and Market Manipulation (Market Abuse) Law,
191(I) of 2007.

- 200(I) of 2004
59(I) of 2008. (b) the Open-Ended Undertaking for Collective Investment in Transferable Securities (UCITS) and Related Issues Law,
- 188(I) of 2007. (c) the Prevention and Suppression of Money Laundering Activities Law,
- 16(III) of 1993. (d) the Law Ratifying the Convention on Persons having Privileged Access to Information,
- (e) the Companies Law,
- 27(I) of 1996
62(I) of 2001
121(I) of 2001
136(I) of 2002
43(I) of 2003
8(I) of 2005
92(I) of 2006
100(I) of 2008
55(I) of 2009. (f) the Cyprus Stock Exchange (Central Depository and Central Registry) Law,
- 144(I) of 2007. (g) the Investment Services and Activities and Regulated Markets Law,
- 114(I) of 2005. (h) the Public Offer and Prospectus Law,
- 14(I) of 1993
32(I) of 1993
91(I) of 1994
45(I) of 1995
74(I) of 1995
50(I) of 1996
16(I) of 1997
62(I) of 1997
71(I) of 1997 (i) the Securities and Cyprus Stock Exchange Law,

83(I) of 1997
29(I) of 1998
137(I) of 1999
19(I) of 2000
20(I) of 2000
39(I) of 2000
42(I) of 2000
49(I) of 2000
50(I) of 2000
136(I) of 2000
137(I) of 2000
141(I) of 2000
142(I) of 2000
175(I) of 2000
9(I) of 2001
37(I) of 2001
43(I) of 2001
66(I) of 2001
79(I) of 2001
80(I) of 2001
81(I) of 2001
82(I) of 2001
105(I) of 2001
119(I) of 2001
120(I) of 2001
1(I) of 2002
87(I) of 2002
147(I) of 2002
162(I) of 2002
184(I) of 2003
164(I) of 2004
205(I) of 2004
43(I) of 2005
99(I) of 2005
115(I) of 2005
93(I) of 2006
28(I) of 2007
56(I) of 2009.

41(I) of 2007 (j) the Takeover Bids Law,

47(I) of 2009.

- (k) the Regulation of the European Parliament and the Council on the Credit Rating Agencies, and
- (l) any other Law under which powers and responsibilities are assigned to the Cyprus Securities and Exchange Commission;

«transferable securities» or «securities» means the shares and other securities with characteristics of shares, bonds, public bonds and other securities with characteristics of bonds, which are subject to trading on a regulated market as well as any other security which is subject to trading on a regulated market and provides either the right to acquire other transferable security through registration or exchange or the right for liquidation in cash, but does not include the means of payment;

«directive» means the regulatory directive of the Commission published in the Official Gazette of the Republic;

«organisation» means any organisation in the Republic or abroad, which exercises responsibilities similar or pertinent to those of the Commission or any international organisation in which supervisory authorities usually participate with responsibilities similar to those of the Commission;

«regulated market» or «organised market» has the meaning attributed thereto by section 2 of the Investment Services and Activities and Regulated Markets Law;

«undertaking for collective investments in transferable securities» or «UCITS» has the meaning attributed thereto by the Open-Ended Undertakings for Collective Investments in Transferable Securities (UCITS) and Related Matters Law;

«person» includes any legal or natural person and every legal person of

public or private law or union of persons with or without legal personality;

«Board» means the Board of the Commission provided for in section 9(1);

«transactions» means the transactions or agreements for transactions in financial instruments of any person, taking place in the Republic, on or off the Stock Exchange or a regulated market of the Republic;

«Minister» means the Minister of Finance;

«Stock Exchange» means the Cyprus Stock Exchange established in pursuance of section 3 of the Securities and Cyprus Stock Exchange Law;

«financial instruments» means -

- (a) the instruments set out in section 2 of the Investment Services and Activities and Regulated Markets Law, and
- (b) any other instrument listed for trading on a regulated market abroad or for which an application for listing for trading on such market is submitted.

PART II – CYPRUS SECURITIES AND EXCHANGE COMMISSION

Supervision of the capital market. 3.-(1) The general supervision of the capital market and of the transactions taking place in the Republic, as well as of the transactions taking place abroad and expressly provided for in the relevant legislation shall be entrusted to the Commission.

Cyprus Securities and Exchange Commission. 4.-(1) Irrespective of the provisions of section 58 of this Law, the legal entity of public law under the name «Cyprus Securities and Exchange Commission», established in pursuance of section 5 of the Cyprus Securities and Exchange Commission (Establishment and Responsibilities) Law, shall be maintained and shall continue to operate and be responsible for the

64(I) of 2001
157(I) of 2002
71(I) of 2004

187(I) of 2004 establishment, operation, responsibilities, powers and duties set out by or
44(I) of 2007. under this Law.

(2) The seat of the Commission shall be in the Nicosia District.

(3) The Commission shall be administered by the Board pursuant to the provisions of Part III.

Task of the
Commission.

5.-(1) The Commission shall be, *inter alia*, entrusted with the responsibility of supervising the capital market and the stock exchange market, securing the smooth operation and methodical development of the capital market and the stock exchange market, protecting investors and monitoring the transactions taking place in the Republic as well as the transactions taking place abroad, which are expressly provided for in the relevant legislation.

(2) The Commission shall exercise the responsibilities vested in it by the provisions of or under this Law, the relevant legislation and any other law and shall have the responsibility to take measures to prevent and suppress acts which contravene their provisions.

(3) The Commission's task shall be, *inter alia*, to study, suggest measures to the competent authorities and to take measures within the authority vested in it in order to secure the integrity of the transactions carried out, and generally to secure the public interest, the protection of investors, the effectiveness of the capital market and its just operation, when it shall deem expedient under the circumstances.

Mode of exercising the Commission's responsibilities. 6. The Commission may exercise its responsibilities in any of the following modes -

(a) directly,

(b) in cooperation with other authorities or bodies or associations or

with market operators or any other persons,

- (c) under its responsibility, through the assignment of responsibilities to these authorities or to bodies or associations or to market operators or to any other persons,
- (d) under its responsibilities, through the assignment of responsibilities to the Chairman and the Vice-Chairman of the Board, unless in the cases where it is expressly prohibited by this Law or the relevant legislation,
- (e) by application to the competent court.

Annual Report. 7.-(1) The Commission shall every year draw up and submit to the Minister and the House of Representatives a report of activities within three months from the end of its financial year and the Minister shall then duly inform the Council of Ministers accordingly.

(2) In case that for any reason it is not possible for the report of activities to be drawn within the deadline specified in subsection (1), the Commission shall inform within the said deadline the Minister and the House of Representatives accordingly and shall draw up and submit to them the report within a deadline of six months from the end of its financial year.

PART III – BODIES OF THE COMMISSION

BOARD - CHAIRMAN – SPECIAL COMMITTEES

Bodies of the Commission. 8. The responsibilities of the Commission shall be exercised in accordance with the provisions of this Law by -

- (a) the Board,
- (b) the Chairman and/or Vice-Chairman of the Board, or

(c) the Special Committees.

Board.

9.-(1) Irrespective of the provisions of section 58 of this Law, the Board of the Commission, established in pursuance of section 10(1) of the Cyprus Securities and Exchange Commission (Establishment and Responsibilities) Law shall be maintained and shall continue to be entrusted with the administration of the Commission and have the responsibility to carry out its task in accordance with the provisions of this Law.

(2) The Board shall be entrusted with exercising the responsibilities of the Commission in accordance with this Law and the relevant legislation.

Responsibilities of
the Board.

10.-(1) The Board shall oversee the proceedings of the Commission and shall have full power as regards personnel management and the administration of its property in accordance with the provisions of this Law.

(2) More specifically, the Board shall—

- (a) represent through its Chairman or Vice-Chairman the Commission before the courts and the authorities;
- (b) appoint and discharge persons in the employment of the Commission;
- (c) exercise disciplinary power over the employees of the Commission and impose disciplinary penalties in pursuance of the provisions of the Regulations issued under this Law;
- (d) see to the keeping of accounts and the drawing up and submission of reports and financial statements in accordance with the provisions of Part VIII;

- (e) take all necessary measures for the unimpeded and smooth carrying out of the works of the Commission;
- (f) collect information, conduct investigations, carry out inspections and impose sanctions in accordance with the provisions of this Law and the relevant legislation;
- (g) issue directives in accordance with this Law and the relevant legislation;
- (h) issue and submit Regulations for approval in accordance with the provisions of Part XI, and
- (i) be competent for every action which, according to this Law and the relevant legislation, promotes the objectives and the responsibilities of the Commission under this Law and the relevant legislation.

Composition of the Board. 11.-(1) The Board shall be composed of five members, namely, the Chairman, the Vice-Chairman and three other members appointed in pursuance of the provisions of this Part.

(2) Persons of high moral standard, known repute and honesty and known experience and training in the money market and capital market, who are able to contribute to the attainment of the objectives of this Law, to the development of a smooth and methodical securities market and the protection of investors and the public, shall be appointed as members of the Board.

(3)(a) The Governor of the Central Bank of Cyprus shall designate his representative who may attend any meeting of the Board or of the Special Committee with no voting right, but with the right to enter issues in the agenda, participate in the discussions and express opinions.

(b) The provisions of subsections (4) and (5) shall apply with regard to the designation of the representative of the Governor of the Central Bank of Cyprus, *mutatis mutandis*.

(4) No person may be appointed to the Board if either that person or the persons connected to him has/have any material interest, according to the Council of Ministers, in an organisation which comes under the supervision of the Commission or if such person participates in the administrative body of such organisation and the acquisition of such interest or the participation in such administrative body of such organisation during the term of his office shall result in the revocation of his appointment:

Provided that the Council of Ministers may appoint a member to the Board whose connected person is employed in an organisation supervised by the Commission, if it considers that the office held by such connected person does not create a conflict of interest to the candidate member of the Board.

(5) No person may be appointed to the Board who has been convicted of an offence involving dishonesty or moral impropriety or has declared bankruptcy in pursuance of the provisions of the Bankruptcy Law.

Cap. 5.

49 of 1985

197 of 1986

156(I) of 1999

2(I) of 2008

74(I) of 2008.

Prohibition of
certain activities to
Board members.

12.-(1) A Board member shall be prohibited from participating directly or indirectly for his own personal benefit or for the benefit of third persons in any action or transaction or have professional interest which concerns an item under the supervision of the Commission, and any violation of this provision, notwithstanding any criminal liability of the person responsible, shall result in the revocation of its appointment by the Council of Ministers:

Provided that the exercise of warrants or pre-emption rights stemming from the securities held by a member prior to his appointment shall be excluded from this prohibition:

Provided further that the Board may not revoke the appointment of a Board member on the ground that a person connected to this member shall be employed by a company supervised by the Committee, if the Council of Ministers deems that the office offered to the said connected person does not create a conflict of interest to the Board member:

Provided further that in such case, the continuance of the appointment of this member concerning this matter shall be reviewed on a yearly basis.

(2) A Board member shall be prohibited from participating in the discussion and decision-making of the Board or a Special Committee regarding issues concerning persons connected with him:

Provided that a violation of this prohibition shall not result in the invalidity of the decision of the Board or the Special Committee, but a violation of this provision, notwithstanding any criminal liability of the person responsible, shall result in the revocation of his appointment by the Council of Ministers.

(3) The Chairman, the Vice-Chairman and the other members of the Board shall be prohibited during their term of office from participating in the establishment or to an administrative body of an organisation supervised by the Commission and any violation of this provision, notwithstanding any criminal liability of the person responsible, shall result in the revocation of his appointment by the Council of Ministers.

(4) For the purposes of both section 11 and this section, «connected persons» in relation to a Board member means -

- (a) the spouses and blood relations or relations by marriage up to second degree;
- (b) a company in which a Board member holds or controls directly or indirectly at least twenty per cent (20%) of the voting right in general meeting;
- (c) a person who in the opinion of the Council of Ministers or the Commission has a relationship of dependence or has material common interests with the Board member:

Provided that the criteria which apply in the exercise of the discretionary powers of the Commission, in pursuance of the provisions of this paragraph, shall be specified by a Directive.

(5) The provisions of this section shall also apply to the representative of the Governor of the Central Bank of Cyprus, *mutatis mutandis*.

Appointment of
Board members.

13.-(1) The Chairman, the Vice-Chairman and the three other members of the Board shall be appointed by the Council of Ministers following a recommendation by the Minister.

(2)(a) The Chairman and the Vice-Chairman of the Board shall provide their services in full and exclusive employment and they may not hold any other position or office in the Republic or hold other salaried employment:

Provided that in case of appointment of an employee who holds a permanent office in the public service or an organisation as Chairman or Vice-Chairman, the employee shall retire *ispo jure* from the office held by him, and the provisions of the Pensions Law concerning retirement benefits in the case of early voluntary retirement in force at the time shall apply, which are, however, calculated on the basis of the pensionable

97(I) of 1997
3(I) of 1998
77(I) of 1999
141(I) of 2001

69(I) of 2005. emoluments of the employee at the time of his retirement as follows:

- (i) if the employee has not completed ten years of service, it is considered that he served in the public service or the organisation for such additional period as the one served prior to his appointment as Chairman or Vice-Chairman, as the case may be, or for as long as he would have served had he retired as a result of reaching pensionable age, whichever of the two is shorter;
- (ii) if the employee has completed ten years of service in the public service, it is considered that he has served in the public service or the organisation for a period of ten additional years or for such period as he would have served had he retired as a result of reaching pensionable age, whichever of the two is shorter:

Provided that the above additional service shall be considered as service with contributions.

(b) The terms «public service» and «organisation» in paragraph (a) shall have the meaning attributed to them by the Pensions Law.

(3) The term of full and exclusive employment that applies to the Chairman and the Vice-Chairman of the Board shall not apply to the three other members of the Board.

Board members' term of office. 14.-(1) The Board members' term of office shall be five years.

(2) The re-appointment of the Board members after the expiration of their term of office shall be permitted for an additional five-year term only.

(3) The provisions of this section shall also apply to the representative of the Governor of the Central Bank of Cyprus, *mutatis mutandis*.

Vacancy of a Board's office. 15.-(1) The office of a Board member shall be vacated in the following cases:

- (a) in case of his death;
- (b) in case of his resignation; and
- (c) in case of revocation of his appointment.

(2) In case the office of a Board member is vacated prior to the expiration of his term of office, another person shall be appointed in his place for the rest of the departing member's terms of office in accordance with the provisions of section 13.

114(I) of 2007. (3) The provisions of the Control of the Undertaking of Employment in the Private Sector by Former State Officials and Some Former Employees in the Public Sector and the Broader Public Sector Law shall apply to all Board member:

Provided that the provisions of this section shall also apply to the representative of the Governor of the Central Bank of Cyprus, *mutatis mutandis*.

Resignation from the Board. 16. The resignation of a member of the Board shall be effected with a resignation letter addressed to the Council of Ministers.

Revocation of appointment of a Board member. 17.-(1) The appointment of a Board member shall be revoked by the Council of Ministers in the following cases -

- (a) in case of violation provided for in section 12(1), (2) or (3);

- (b) in case of conviction for the offence of violation of the duty of confidentiality and the observance of professional secrecy in accordance with the provisions of section 31;
- (c) in case of conviction for an ignominious offence or for an offence involving moral impropriety, which constitutes an impediment for appointment to the public service or in case of imposition of a sentence of imprisonment for the commission of an offence;
- (d) following a proposal by the Minister, ex officio or following a suggestion by the Board, submitted with the agreement of at least three members.

(2) Subsection (1)(a), (b) and (c) shall also apply to the representative of the Governor of the Central Bank of Cyprus, *mutatis mutandis*.

Meetings of the Board.

18.-(1) The Chairman of the Board or, in case of his absence or other temporary impediment of him, the Vice-Chairman or, in case of absence or other temporary impediment of both, one of the other members of the Board shall convene the meetings of the Board.

(2) The invitation to a meeting shall be in writing and addressed to all the members of the Board and to the representative of the Governor of the Central Bank of Cyprus, at least one day prior to the date fixed for the meeting.

(3) Irrespective of the provisions of subsection (2), in extraordinary and justified cases, a meeting of the Board shall be convened following an oral or written invitation served on the members and on the representative of the Governor of the Central Bank of Cyprus the soonest possible and in any case prior to the time fixed for the meeting.

(4)(a) In the case of a written invitation to a meeting in accordance with

the provisions of subsections (2) or (3), the invitation shall be served on the members in writing by letter, telefax or electronic mail.

(b) In the case of an oral invitation to a meeting in accordance with the provisions of subsection (3), the members of the Board and the representative of the Governor of the Central Bank of Cyprus shall sign at a later stage a confirmation regarding their invitation to a meeting.

(5) The Chairman of the Board shall convene a Board meeting at any time he deems fit, but he shall be obliged to do so if so requested in writing by at least two members of the Board who shall at the same time set the business to be discussed.

(6) A meeting of the Board shall be convened at least twice a month.

(7) Board meetings shall be chaired by the Chairman, or in case of his absence or other temporary impediment of him, by the Vice-Chairman, or in case of absence or temporary impediment of both, by one of the other members of the Board who shall be chosen for that purpose by those members present at the meeting.

(8)(a) The chairman of the meeting and two other members present at the meeting shall form a quorum, and the decisions shall be taken by majority and in case of an equality of votes, the vote of the person chairing the meeting shall prevail.

(b) The Chairman, the Vice-Chairman and any other member of the Board as well as the representative of the Governor of the Central Bank of Cyprus may, in case of their absence abroad, participate in a meeting of the Commission through the use of telephone or television or other communication systems, provided that each one of the persons participating in the meeting can hear all the other participants at all material time:

Provided that any meeting carried out in this manner shall be deemed to form a legal meeting of the Commission and each Board member participating in a meeting in this manner shall be deemed to be present in person thereat and shall be entitled to vote and counted in the quorum and that the representative of the Governor of the Central Bank of Cyprus participating in a meeting as provided for in this paragraph shall be deemed to be present at the meeting and shall be entitled to enter issues in the agenda, participate in the meeting and express opinions:

Provided further that this meeting shall be deemed to be held at the offices of the Commission.

(9) The duties of secretary of the Board shall be performed by a member of the staff of the Commission who shall be nominated for this purpose by the Chairman of the Board and who shall be responsible to keep the minutes.

(10) The minutes of the meeting shall be kept confidential, unless otherwise decided by the Board, a competent court or a competent disciplinary body.

(11) The vacancy of the office of a member of the Board or any abnormality regarding his appointment shall not render the actions or procedures of the Board null and void.

Official seal of
the Board.

19. The Chairman or, in case of absence of the Chairman, the Vice-Chairman shall be responsible for the keeping of the official seal of the Board.

Remuneration
and terms of
service of the
Chairman, Vice-

20.-(1) The remuneration and other terms of service of the Chairman and Vice-Chairman shall be determined in the document appointing them by the Council of Ministers.

Chairman and
consideration of
the Board
members.

(2) A consideration shall be paid to the other members of the Board and the representative of the Governor of the Central Bank of Cyprus per meeting, the amount of which shall be determined by the Council of Ministers.

(3) The cost of payment of remuneration to the Chairman and the Vice-Chairman of the Board and the consideration to the remaining members as well as the representative of the Governor of the Central Bank of Cyprus shall be borne by the Commission's annual budget.

Scope of
responsibilities
of Board
members and
other persons.

21.-(1) Every member of both the Board and the staff of the Commission, the investigating officers and any person acting as a consultant or by order of the Board shall bear no personal responsibility for his actions or omissions during the exercise of his responsibilities.

(2) The expression of an opinion during the exercise of the duties of the persons provided for in subsection (1) shall constitute a special defence in an action for defamation filed against them under the provisions of the Civil Offences Law:

Cap. 148
87 of 1973
54 of 1978
156 of 1985
41 of 1989
73(I) of 1992
101(I) of 1996
49(I) of 1997
29(I) of 2000
154(I) of 2002
129(I) of 2006
171(I) of 2006
82(I) of 2008.

Provided that the provisions of this section shall also apply *mutatis mutandis* to the representative of the Governor of the Central Bank of Cyprus.

Assignment of powers of the Board to the Chairman, the Vice-Chairman and the Special Committees. 22. Subject to the provisions of section 26, the Board may assign to the Chairman, the Vice-Chairman and to Special Committees set up for this purpose, the exercise of any of its responsibilities arising from this Law and the relevant legislation for the period fixed each case by the Board and on terms provided for in each case.

Special Committees. 23.-(1) A Special Committee shall be set up by decision of the Board and shall consist of three members of the Board who may be -

(a) the Chairman, the Vice-Chairman and one member, or

(b) the Chairman or the Vice-Chairman and two other members.

(2) (a) Each Special Committee shall be convened by the Chairman or in case he does not participate therein, by the Vice-Chairman of the Board.

(b) The invitations to a Special Committee meeting shall be made in accordance with section 18(2), (3) and (4), *mutatis mutandis*.

(3) Each Special Committee shall convene at regular intervals.

(4) The meetings of each Special Committee shall be chaired by the Chairman of the Board who participates therein or, in case of his non-participation therein or his absence or other temporary impediment of his, by the Vice-Chairman of the Board participating therein.

(5) The chairman of the Special Committee meeting and one other member shall form a quorum and the decisions shall be taken by at least two votes in favour and in case of an equality of votes, the issue shall be referred to the Board for settlement.

(6) The person convening a Special Committee in accordance with subsection (2)(a), shall convene the Special Committee to a meeting whenever he deems fit, but he shall be obliged to do so if so requested in writing by at least one member thereof, who shall at the same time set the business to be discussed.

(7) The duties of secretary of the Special Committee shall be performed by one member thereof who shall be responsible to keep the minutes or any other person designated by the chairman of the Special Committee.

(8) The vacancy of the office of a member of the Special Committee or any abnormality regarding his appointment shall not render the actions or procedures of the Special Committee null and void.

Enforcement of decisions.

24.-(1) The Chairman and the Vice-Chairman of the Board shall have joint authority to enforce the decisions of the Board, the Special Committees and their own decisions.

(2) In case of absence or other temporary impediment of the Chairman of the Board, his duties under this Law shall be exercised by the Vice-Chairman of the Board.

PART IV – RESPONSIBILITIES OF THE COMMISSION

Responsibilities of the Commission.

25.-(1) Without prejudice to any other responsibilities granted thereto by this Law and the relevant legislation, the Commission shall have the following responsibilities:-

- (a) to supervise the observance, application and compliance with the provisions of this Law and the relevant legislation and to exercise the responsibilities granted thereto by them;
- (b) to supervise and control the operation of the Stock Exchange and the organised markets of the Republic and the transactions carried out on them, to supervise and control the issuers of financial instruments listed on the Stock Exchange or on an organised market of the Republic and to supervise and control the dealing in financial instruments listed on the Stock Exchange or on other organised market of the Republic;
- (c) to collect information from, and to carry out inspections and investigations on persons who are subject to the competence of the Commission in relation to the application, compliance or violation by these persons of the provisions of this Law and the relevant legislation, to collect information from and to carry out inspections on any other person that the Commission considers that he is in a position to give relevant information and details thereto;
- (d) to set out with a Directive, the cases for carrying out inspections, the procedure and the bodies which shall carry out these inspections and to impose the obligation to the inspected persons to submit periodically or as the case may be, to the Commission or to the inspection bodies, information which is necessary for the exercise of the inspection;
- (e) to act as the competent authority for the purposes of section 4 of the Convention on Persons having Privileged Access to Information ratified with the Law ratifying the Conventions on Persons having Privileged Access to Information;

16(III) of 1993.

- (f) to impose any administrative sanctions and disciplinary penalties provided for by this Law and the relevant legislation;
- (g) to supervise and control the smooth operation of the capital market;
- (h) to issue and submit for approval regulations in accordance with the provisions of Part XI;
- (i) to issue directives on issues concerning the exercise of the responsibilities of the Commission in pursuance of the provisions of this Law or the relevant legislation;
- (j) to give its expert opinion to the Minister, the House of Representatives or other state authorities on capital market issues as long as this is provided by this Law, any other law or if such opinion is sought in respect of such issues;
- (k) to cooperate with other public authorities in the Republic, with competent supervisory authorities abroad and with other organisations in accordance with the provisions of this Law and the relevant legislation, to exchange information with them and to carry out inspections on behalf of other competent authorities abroad;
- (l) to issue directives in pursuance of this Law and the relevant legislation;
- (m) to suspend the trading of financial instruments and to set out with a Directive, for the purposes of application of this paragraph and of any other corresponding power included in the relevant legislation, the procedure to be followed for the suspension of the trading of financial instruments;

- (n) to apply to a competent court of the Republic for the issuance of an order to block or charge or freeze or to prevent the alienation of or transaction in assets;
- (o) to require the cessation of any practice which is contrary to the provisions of this Law and the relevant legislation;
- (p) to exercise the responsibilities vested in it by any Law;
- (q) to organise either on its own or in cooperation with other bodies, educational or training seminars or conferences and to proceed with the issue and distribution of educational material for persons supervised by it and for the public in general;
- (r) to act as the competent authority for the purposes of the European Community Act issued under article 95 of the Convention for the establishment of the European Community and concerns the credit rating agencies as amended from time to time;

Errata

31.07.2009,
No. 4215

(2) The Commission may with a directive set out the procedure and the conditions of application of paragraphs (o) and (p) of subsection (1).

(3) The Commission, in the exercise of its responsibilities, shall take into account the convergence in relation to the supervising tools and supervising practices during the application of legislations, Regulations and directives adopted by virtue of the Directives of the European Union and, to this end, it shall participate in the activities of the Committee of the European Securities Regulators and duly evaluate its non-binding guidelines and recommendations.

(4) The Commission, in the exercise of its responsibilities, shall duly examine the possible influence of its decisions over the stability of the financial system in all Member States of the European Union, especially in case of emergency, based on the information available at a relevant time.

Responsibilities
of the
Commission
that may not be
assigned.

26.-(1) The Board shall be prohibited from assigning to the Chairman, the Vice-Chairman or to a Special Committee any of the following responsibilities of the Commission, which arise from this Law or the relevant legislation:

- (a) to issue and submit Regulations for approval;
- (b) to issue directives regulating matters, which may be regulated by a directive in accordance with the provisions of this Law or the relevant legislation;
- (c) to grant or revoke licences provided by this Law and the relevant legislation for the establishment or operation or approval of prospectuses or takeover bid documents;
- (d) to grant or refuse to grant its consent or approval, where required under the provisions of any law, regulation or directive:

Provided that, in cases where the granting or refusal to grant the consent or approval of the Commission is required under the provisions of any law, regulations or directives in relation to the suspension of trading of transferable securities or for the suspension of the licence to practise the profession or the works of a member of the Stock Exchange, the Chairman and the Vice Chairman of the Board may be authorised to decide thereupon following consultation with the other members of the Board, while in the absence of the Chairman or Vice-

Chairman of the Board, either of them along with one other member of the Board shall decide thereupon and the decision taken shall be recorded in the minutes of the meeting of the Board, which shall follow after the said decision;

- (e) to give opinions, suggestions or proposals to the Minister or other public authorities, where this obligation is provided by the provisions of any Law or by the relevant legislation;
- (f) to impose administrative sanctions and disciplinary penalties provided by the relevant legislation, this Law and the Regulations issued in pursuance thereof as well as by any other relevant law.

Summons to a person in the service of the Commission.

27. A person who requests the issue of a writ of summons to a person in the service of the Commission, shall deposit to the Court an amount corresponding to the loss of time of the witness, which shall be determined by the Registrar of the Court and in any case it shall not be less than fifty euro:

Provided that in case the Registrar of the Court requests so, the Commission shall be obliged to inform him of the official emoluments of the witness summoned:

Provided further that the aforementioned amount of fifty euro shall be returned in case the witness does not appear in Court.

PART V – CO-OPERATION OF THE COMMISSION WITH THE
AUTHORITIES OF THE REPUBLIC AND FOREIGN COUNTRIES
– DUTY OF CONFIDENTIALITY AND OBSERVANCE OF PROFESSIONAL
SECURITY

Cooperation of the Commission with public authorities.
138(I) of 2001
37(I) of 2003.

28.-(1) Subject to the Personal Data Law, the Commission may apply to the Registrar of Companies and the Official Receiver, the Central Bank of Cyprus, the Stock Exchange, a regulated market and any authority, public or not, or legal persons of public law, which are bound to give to the Commission all the necessary assistance and information, documents and other details necessary for the exercise of its responsibilities.

(2) The disclosure to the Commission of confidential information, under the provisions of this Law and of the relevant legislation, does not constitute a violation of the obligation for confidentiality and the observance of the professional secrecy provided by any law.

Cooperation of the Commission with competent supervisory authorities and organizations abroad.

29.-(1) In the exercise of its responsibilities, the Commission may cooperate with competent supervisory authorities and other organizations abroad, exchange with them necessary information and proceed, on behalf of these organizations and for their account, with the collection of information and the carrying out of inspections.

(2) The Commission may enter into protocols of cooperation with competent supervisory authorities abroad or with other organizations, which shall provide for the exchange of information, the collection of information and the carrying out of inspections on their behalf and for their account, only if the disclosed information in the state in which the said authorities and organizations shall have their seat is covered by guarantees concerning the observance of professional secrecy which are at least equivalent to those provided by this Law.

(3) The information exchanged under the provisions of this Law shall be confidential and its disclosure shall be prohibited, unless the competent supervisory authority or the organization that disclosed it expressly consents thereto and the disclosure is made only for the

purposes for which the said authority or organization has given its consent.

(4) The disclosure by the Commission of confidential information to competent supervisory authorities abroad or to organizations under this section shall not constitute a violation of the duty of confidentiality and the observance of professional secrecy provided in section 30.

(5) The Commission may collect information, carry out inspections and generally provide any assistance and exercise the powers vested in it by the provisions of this Law and the relevant legislation, following a request by a competent supervisory authority abroad or other organization.

(6) The Commission may investigate a possible violation of any law abroad on behalf of a competent supervisory authority abroad or other organization even if the violation under investigation does not constitute a violation of this Law or the relevant legislation.

(7) The Commission may refuse to respond to a request for the provision of information made by a competent supervisory authority or organization abroad or refuse to carry out an investigation requested by another competent supervisory authority or organization abroad when -

- (a) the disclosure of information or the investigation may offend the sovereignty, the security or the public order of the Republic,
- (b) legal measures have been taken before a competent court of the Republic for the same actual facts,
- (c) a final court decision has been issued for these persons for the same actual facts in the Republic.

In the cases provided for in paragraphs (b) and (c), the Commission

shall inform the competent authority or organization making this request of the said court proceedings or decision, giving as much detailed information as possible.

Duty of confidentiality and observance of professional secrecy.

30.-(1) The Commission and the members of the Board or any person who had formerly acted as member of the Board or any person who exercises or has exercised any activity for the Commission in connection with the exercise of its responsibilities or any other person who receives knowledge, as a result of his position or in the exercise of his duties, of any information concerning the exercise of the responsibilities of the Commission, in accordance with the provisions of this Law or the relevant legislation, shall be bound by the duty of confidentiality and observance of professional secrecy and shall be obliged to use this information exclusively for the exercise of his duties and not to disclose it except to the extent that such disclosure is necessary under the law or within the context of an administrative recourse to justice concerning the exercise of his duties or the responsibilities of the Commission or constitutes evidence for the commission of a criminal or disciplinary offence or as provided in subsection (4).

(2) Secrecy shall mean that the confidential information that the Commission or a person receives in the exercise of his duties may be disclosed only to other competent authorities of the Republic or abroad or to organizations and the Central Bank of Cyprus, if it refers to issues that come under the responsibilities under the law.

(3) The authorities, organizations, associations or bodies or any other persons in the Republic or abroad to whom confidential information is disclosed in accordance with the provisions of this section shall be bound by professional secrecy.

(4) The disclosure of confidential information by the persons referred to in subsection (1) shall be allowed -

- (a) as long as the Commission decides that for reasons of public interest or the protection of investors or transparency, it is incumbent to make public in whole or summarily any decisions taken or findings prepared by the Commission pursuant to the provisions of this Law, the regulations and directives issued pursuant to this Law and the relevant legislation,
- (b) in the context of a civil or criminal proceedings, to which the Commission is summoned to testify before a court or during the taking of depositions in a criminal or disciplinary proceedings:

Provided that the said obligation of the Commission shall be extended to any person acting on behalf of the Commission in accordance with the provisions of this Law and the relevant legislation;

- (c) in the context that the Commission lodges complaints to any other competent authorities, associations, organizations or bodies in the Republic or abroad.

Offences
concerning
violations of
professional
secrecy.

31. A person who knowingly violates the duty of confidentiality and the observance of professional secrecy provided in section 30, shall commit a criminal offence and shall be punishable with imprisonment not exceeding two years or a fine not exceeding eight thousand five-hundred euro or both penalties and, in the case of an employee of the Commission, this violation shall constitute a disciplinary offence and shall be punishable even with the dismissal of such person from the service of the Commission.

Provided that in the case of an employee in the public service, the option of disciplinary power shall be exercised in accordance with the Public Service Law.

1 of 1990
71 of 1991

211 of 1991
27(I) of 1994
83(I) of 1995
60(I) of 1996
109(I) of 1996
69(I) of 2000
156(I) of 2000
4(I) of 2001
94(I) of 2003
128(I) of 2003
183(I) of 2003
31(I) of 2004
218(I) of 2004
68(I) of 2005
79(I) of 2005
105(I) of 2005
96(I) of 2006
107(I) of 2008.

PART VI – POWER OF THE COMMISSION TO COLLECT
INFORMATION, TO ENTER, INVESTIGATE AND IMPOSE
ADMINISTRATIVE SANCTIONS

Power to collect
information.

32.-(1) The Commission may request and collect information necessary or useful for the exercise of its responsibilities and demand with a request in writing within a specified deadline, the provision of information from issuers, IFs, UCITS and any other natural or legal person which is subject to the Commission's inspection competence in accordance with the provisions of this Law and the relevant legislation, as well as from any other person which the Commission considers, at its absolute discretion, that it is in a position to provide such information.

(2) In its request in writing, the Commission shall specify the purpose of the investigation, the provision on which the Commission's power is based, the deadline specified for the provision of the information and the sanctions that may be imposed in case of non-compliance with the obligation in subsection (1) for the provision of information.

(3) Any person to whom the request of the Commission for the collection of information shall be addressed shall be bound to provide the requested information timely, fully and accurately, provided that the request shall not concern the inspection and collection of texts constituting correspondence or communication, in which case the person which is under investigation shall have the right to refuse the provision of these details to the Commission.

(4) As regards the banking duty of confidentiality provided for in section 66(I) of 1997, 74(I) of 1999, 94(I) of 2000, 119(I) of 2003, 4(I) of 2004 and 151(I) of 2004, 29 of the Banking Operations Law, a member or an employee of the Commission or any other person instructed following an express decision of the Board of the Commission to collect information in pursuance of this Law, shall be considered to be a public servant under the meaning of subsection (2)(d) for obtaining any information:

231(I) of 2004

235(I) of 2004

20(I) of 2005

80(I) of 2008.

Provided that the aforementioned responsibility of the Commission shall apply to the cases in which inspections and investigations are carried out in accordance with the provisions of sections 33, 34 and 50.

(5) Subject to the terms and conditions provided in subsection (3) which concern the inspection and collection of information texts constituting correspondence or communication and the right of the person under investigation to refuse to provide such information, the Commission, in the case of refusal of any person to comply with its request for the collection of information not constituting correspondence or communication within the specified deadline or in case such person refuses to give any information or shows or produces incomplete or false or falsified information, shall have the power to impose to such person -

- (a) an administrative fine in accordance with the provisions of section 37, and/or
- (b) an administrative fine not exceeding the amount of eight hundred and fifty euro for every day during which the refusal of compliance or any other violation continues.

(6) The information provided to the Commission in the exercise of its power shall be confidential and may be used only for the purposes of the exercise of its responsibilities:

Provided that, if during the collection of information any evidence arises which may constitute a possible violation of the provisions of this Law or the relevant legislation further to the one investigated by the Commission in its request in writing, then this evidence may be used for

taking further action in accordance with sections 35, 36, 37 and 38, without the Commission being obliged to proceed with a new collection information or to conduct a new investigation.

(7) Subject to the terms and conditions provided in subsection (3) concerning the inspection and collection of information texts constituting correspondence or communication, for the purposes of this section, «the obligation to provide information» shall include the obligation to produce, cite and submit -

- (a) any kind of written data and information including the minutes of the meetings of any legal person and data stored in computers,
- (b) irrespective of the provisions of any other Law, any information which a person possesses in his capacity as trustee, including the actual identity of the actual beneficiaries of the financial instruments in relation to which he is directly or indirectly a trustee.

(8) Any person receiving a request by the Commission for the provision of information under this section shall be obliged not to disclose it in any way and to treat it in full confidentiality.

Power of the
Commission to
carry out
inspections.

33.-(1) For purposes of inspecting the compliance of the persons who are subject to its competence with any of the provisions of this Law and the relevant legislation, the Commission may carry out inspections and, for these purposes, it may request and inspect information, enter offices and places of work of the persons under investigation and inspect the records, books, accounts, other documents and data stored in computers and take copies or extracts thereof:

Provided that the Commission may take extracts of records, books, accounts, other documents and data if it has reasonable suspicions that

these extracts may become useful for purposes of proving in any criminal proceedings any violation or failure to comply with the provisions of this Law or with regulations or directives issued under this law or with the relevant legislation:

Provided further that the power to inspect and collect information in accordance with the provisions of this section shall not extend to the collection of texts constituting correspondence or communication and the person, natural or legal, under investigation shall have the right to refuse to provide the Commission with such information.

(2) In case of refusal to allow access to information, records, books, accounts, other documents or data stored in computers not constituting correspondence or communication, the Commission may proceed with the immediate confiscation of the relevant information, records, books, accounts and other documents and data as well as of the electronic data storing and transfer medium:

Provided that the Commission shall return any confiscated item under the provisions of this subsection to its holder, as soon as the purpose for which it proceeded with the confiscation is fulfilled and in any case within forty-five days from the day of confiscation.

(3) The information provided to the Commission in the exercise of its powers shall be confidential and may be used only for the purposes of exercising its responsibilities:

Provided that, if during the carrying out of an inspection any evidence arises which may constitute a possible violation of the provisions of this Law or the relevant legislation, then this evidence may be used for taking further action in accordance with sections 35, 36, 37 and 38, without the Commission being obliged to proceed with a new collection information or to conduct a new investigation.

(4) Any person to whom the inspection notice of the Commission is addressed shall be bound to provide the requested information timely, fully and accurately.

(5) Subject to the terms and restrictions provided in subsection (1) concerning an inspection relating to information constituting correspondence or communication and the right of the person under investigation to refuse to provide the Commission with such information, in case any person refuses to comply with its notice for the carrying out of an inspection or in case such person presents or produces incomplete or false or falsified records, books, accounts or other documents or data or information, the Commission shall have power to impose to such person -

- (a) an administrative fine in accordance with the provisions of section 37, and/or
- (b) an administrative fine not exceeding the amount of eight hundred and fifty euro for every day during which such refusal or violation continues.

(6) The Commission may request the assistance of the Police in order to be able to exercise its powers in accordance with the provisions of this section.

Power of the
Commission to
enter and
investigate.

34.-(1)(a) The Commission may carry out investigations which are necessary for the exercise of its responsibilities or for investigating a possible violation of the obligations imposed in pursuance of this Law or the relevant legislation and, to this end, it may request and collect information, enter offices and places of work and inspect records, books, accounts, other documents and data stored in computers and to take copies or extracts thereof:

Provided that the Commission may take extracts of records, books, accounts, other documents and data if it has reasonable suspicions that these extracts may become useful for purposes of proving in any criminal proceedings any violation or failure to comply with the provisions of this Law or with regulations or directives issued under this law or with the relevant legislation:

Provided further that the request to collect information in the context of an investigation in accordance with the above and the taking of copies or extracts shall not extend to texts constituting correspondence or communication and that the person, natural or legal, which is under investigation, shall have the right to refuse to provide the Commission with such information.

(b) Subject to the terms and restrictions provided for in paragraph (a) in relation to texts constituting correspondence or communication and the right of the person under investigation to refuse to provide the Commission with such information, in case any person refuses to provide access to information, records, books, accounts as well as other documents and data stored in computers, the Commission may proceed with the immediate confiscation of the relevant information, records, books, accounts and other documents and data and the electronic data storing and transfer medium:

Provided that the Commission shall be obliged to return any confiscated item under the provisions of this subsection to its holder, as soon as the purpose for which it proceeded with the confiscation is fulfilled and in any case within forty-five days from the day of confiscation.

(2) The Commission may carry out investigations in premises of any natural or legal person that is subject to the competence of the Commission in pursuance of the provisions of this Law or the relevant legislation and to any other person which the Commission, at its absolute

discretion, considers that he is in a position to provide the required information and data.

(3) The investigation shall be carried out following a notice of the Commission either sent beforehand or served on the person to whom the notice is addressed at the date and time of the investigation.

(4) The notice of the Commission shall be in writing and shall specify the date and time the investigation shall commence, its purpose, the provision upon which the power of the Commission is based and the possible sanctions in case the person to whom the notice is addressed refuses to comply with the notice.

(5) Notwithstanding the provisions of this section, the entry into a residence or the carrying out of an investigation in a residence for the purposes of this Law shall not be allowed, unless this is done under a court order.

(6) The Commission may call any persons who may have evidence or know anything relating to the investigation which is being carried out to testify and designate a member of the Board or an officer of the Commission or any other person to hear the attestation and take, on its behalf, a written or recorded deposition by these persons, who must appear before the designate person and provide the information they have.

(7) Any person to whom a request by the Commission is addressed shall be obliged to comply timely, fully and accurately.

(8) Subject to the terms and restrictions provided for in paragraph (a) of subsection (1) concerning a request for investigation and collection of information relating to texts constituting correspondence or communication and the right of the person under investigation to refuse to provide the Commission with such information, the Commission in case any person

refuses to comply with its notice for the carrying out of an investigation or with its writ of summons to testify under this section or in case such person does not produce or produces or presents incomplete or false or falsified records, books, accounts or other documents or data or information, shall have power to impose to such person, without prejudice to its power for confiscation under the provisions of subsection (1) -

- (a) an administrative fine in accordance with section 37, and
- (b) an administrative fine not exceeding the amount of eight hundred and fifty euro for every day during which the failure to comply continues.

(9) The information coming into the possession of the Commission while exercising its powers shall be confidential and may be used only for the purposes of exercising its responsibilities:

Provided that, if during the carrying out of the investigation any evidence arises which may constitute a possible violation of the provisions of this Law or the relevant legislation, further to the one investigated by the Commission with its written request, then this evidence may be used for taking further action in accordance with sections 35, 36, 37 and 38, without the Commission being obliged to proceed with a new collection information or to conduct a new investigation

(10) During the carrying out of an investigation on behalf of a competent supervisory authority abroad under section 29, the Commission may be accompanied by a person who shall be authorized in writing by the competent supervisory authority abroad as the representative of the said authority.

(11) Any person receiving a request by the Commission under this section shall be bound not to disclose in any way the said request and to treat such request in full confidentiality.

(12) The Commission shall be entitled to request the assistance of the Police in order to be able to exercise its powers in pursuance of this section.

Actions by the Commission in case of violations.

35.-(1) If during the exercise of its power to collect information, carry out an inspection, enter and investigate or from data that have been set before it in any way, the Commission establishes a possible violation of the provisions of this Law or the relevant legislation, it shall act as follows:

- (a) in case the possible violation may prima facie constitute a criminal offence under the provisions of this Law or the relevant legislation, the Commission shall draw up its findings or a report of the facts and submit them along with all the information it possesses to the Attorney-General of the Republic;
- (b) it shall handle the case by itself and decide whether it is justified to impose an administrative fine in accordance with the provisions of section 37 or in accordance with the relevant legislation and proceed with imposing an administrative fine, irrespective of any criminal liability.

Appointment of investigating officer.

36.-(1) For the purposes of sections 32, 34, 35 and 50, the Commission may appoint a member of the Board and the representative of the Governor of the Central Bank of Cyprus and/or an officer of the Commission and/or any other person to act as investigating officer.

(2) The investigation shall be carried out as quickly as possible.

(3) During the carrying out of the investigation, the investigating officer -

- (a) may be advised and accompanied by a professional advisor, by

a person authorized in writing by the competent supervisory authority abroad as representative of the said authority and/or by any other person, and

- (b) may exercise the powers to collect information, enter and investigate in which the Commission is vested pursuant to the provisions of this Law.

(4) The investigating officer may summon and hear the attestation and take a deposition, written or recorded at his discretion, from persons who may have information on or knowledge of the case who shall be obliged to appear before the investigating officer and provide the information they have.

(5) Upon completing his investigation, the investigating officer shall draw up his findings, which shall include his opinions and/or recommendations thereupon, and submit them to the Commission together with all the documents relevant to the case:

Administrative
fine and
compromise.

37.-(1) The Commission, in case it establishes that a person acts in violation of any provision of this Law or in pursuance of the Regulations or directives issued under this Law or the relevant legislation, may impose to such person an administrative fine –

- (a) not exceeding the amount of three hundred and fifty thousand euro, and
- (b) in case of repeated violation, an administrative fine not exceeding seven hundred thousand euro depending on the seriousness of the violation, without prejudice to any other provisions of this Law or the relevant legislation on the imposition of administrative sanctions.

(2) In case it is proven that the person responsible for the violation obtained illicit gain, which exceeds the amount of the administrative fines specified in subsection (1), the Commission may, as the case may, impose an administrative fine of up to double the amount of the gain which the person responsible has proven to have had obtained illicitly.

(3) In case of violation of the provision of this Part, the Commission may impose an administrative fine:

- (a) to a legal person, and/or
- (b) to an advisor, manager or officer or any other person in case it is established that the violation is a consequence of his fault, willful omission or negligence.

(4) The Commission may proceed with a compromise of any violation or possible violation, act or omission for which there is reasonable suspicion that a person has committed in violation of the provisions of this Law or the Regulations or directives issued under this Law or the relevant legislation.

Right to be
heard.

38.-(1) Before issuing its decision for a possible imposition of an administrative fine, the Commission shall be obliged to grant a right to every affected person to be heard and inform him of the rights granted to him under subsection (2).

(2) A person to whom a document shall be communicated under subsection (1) shall be entitled, within a deadline fixed by the Commission and which may be between three and twenty-one days from the said communication, to make written representations to the Commission.

(3) The Commission shall be obliged to take these representations into

account before proceeding to the issuance of a decision for the existence or not of a violation, the imposition of an administrative fine and the determination of the amount.

(4) The Commission may call a person or accept his request to make oral representations in case these are required for the provision of clarifications on the written representations already submitted.

(5) The Commission may give an extension of the deadline set under subsection (2) in case of an impediment or other reasonable cause.

(6) In the case of non-submission of any representations within the fixed deadline, the Commission may proceed to taking measures without further notice.

(7) The decisions of the Commission to impose an administrative fine shall be subject to an appeal.

Collection of
administrative
fines.

39.-(1) An administrative fine imposed by the Commission in accordance with the provisions of this Law or the relevant legislation shall be calculated as revenue to the Treasury of the Republic.

(2) In case of failure to pay the administrative fine or an amount of money set in the context of a compromise, the Commission may -

- (a) take court measures for its collection, in which case the amount due shall be collected as a civil debt;
- (b) take any other measures, which it may determine with a directive thereof.

Acceptance of
reports.

40. The Commission may accept or reject, during assessment, reports submitted thereto by any persons or auditors of persons that are subject to

the competence of the Commission under this Law and the relevant legislation, or request the submission of such or other reports.

For purposes of application of this section, the Commission, if deems fit, may settle any relevant issue with a directive thereof.

PART VII – OFFENCES

False statements and withholding of facts.	41. A person who in the course of providing information for any of the purposes of this Law or the relevant legislation makes a false, misleading or deceitful statement as to any fact thereof or conceals a fact or fails to submit facts or in any way impedes the immediate collection of information or the immediate carrying out of inspection or entry or investigation of the Commission, shall commit a criminal offence and shall be subject to a penalty of imprisonment not exceeding five years or to a fine up to one hundred and seventy thousand euro or to both penalties:
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Provided that a person acting in the way referred to in this section shall be assumed to be acting knowingly.

Criminal and civil liability for offences committed by legal entities.	42.-(1) The legal entity and any of the members of its board of directors, the general manager, the secretary or other officer or other body of administration of this legal entity, which has been proven to have consented or acted jointly in the commission of the offence shall be criminally liable in relation to the criminal offence provided by section 41.
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(2) A person who in accordance with the provisions of subsection (1), is criminally liable for an offence committed by a legal entity, shall be jointly liable or severally with the legal person for all losses suffered by third parties as a result of the act or omission lying behind the offence.

PART VIII

REVENUE OF THE COMMISSION – FINANCIAL YEAR – ACCOUNTS –

REPORT – FINANCIAL STATEMENTS - BUDGET

- Revenue of the Commission. 43.-(1) The revenue of the Commission is as follows:
- (a) the fees and annual contributions and subscriptions paid to the Commission pursuant to the provisions of this Law or the relevant legislation;
 - (b) interest and other revenue from the assets of the Commission;
 - (c) an annual fixed amount of one million, seven hundred and eight thousand and five hundred euro payable by the Government:
- Provided that this amount may be reviewed by the Council of Ministers according to the financial status of the Commission at the time; and
- (d) any amount which is expressly provided by this Law or the relevant legislation.
- (2) The Commission may recuperate its expenses for the carrying out of its responsibilities provided for in paragraph (3) of subsection (1) of section 25, by the participants therein or the recipients or by any other person, organization or public authority in the Republic or abroad.
- Financial year. 44. The Commission's financial year begins on the 1st of January and ends on the 31st of December of the same year.
- Keeping of accounts. 45. The Commission shall be obliged to keep full and accurate accounts which shall be audited by the Auditor General of the Republic and submitted to the Minister.
- Report and 46.-(1) Within three months after the end of its financial year, the

financial
statements.

Commission shall be obliged to draw up and submit to the Minister a report and financial statements of the previous financial year, which should include a balance sheet, an account of income and expenses and statement of origin and disposal of cash as well as the relevant notes.

(2) The report and the financial statements shall be signed by the Chairman of the Board and, before their submission to the Minister, they shall be audited by the Auditor General of the Republic.

(3) In case it is not possible for the report and the financial statements to be audited in due time, the deadline for their audit shall be extended by up to three months and copies of the report and the financial statements submitted for audit shall be forwarded to the Minister for his information.

Annual Budget.

194 of 1987
318 of 1987
52 of 1988
69 of 1989
186 of 1991
19(I) of 2001.

47.-(1) Three months prior to the beginning of the new financial year, the Commission must draw up and submit the budget for the following financial year in accordance with the provisions of the Public Entities (Voting of Budget) Law.

(2) Any surpluses of the Commission shall be transferred to a reserve, which shall be the property of the Commission and shall be disposed of following approval by the Council for any investment purpose not related to the capital market.

(3) The Commission may invest any surplus in government bonds and treasury notes and use its reserves to cover operational expenses within the framework of its budget.

PART IX – INTERNAL ORGANIZATION OF THE COMMISSION

Internal

48.-(1) The Board may employ employees on a permanent or temporary

organization of the Commission. basis in accordance with the provisions of the Regulations issued in pursuance of this Law.

(2) The internal organization of the Commission, its administrative structure, the personnel employment schemes and other operational and organizational issues shall be regulated by Regulations:

Provided that these Regulations may not set terms of employment less favourable than those in force at the time of entry into force of this Law for the personnel in the employment of the Commission at that time.

(3) Persons who at the entry into force of this Law are members in the employment of the Commission -

- (a) shall continue to serve the Commission without prejudice to the terms of employment, the seniority, the appointment, the promotion and their pension benefits, and
- (b) for purposes of calculating their service, it shall be considered that they have been employed in the service of the Commission as from the date of their employment to the Commission under an employment agreement.

An office implying direct or indirect participation in the exercise of public power and the safeguarding of the general interests of the state. 49. Irrespective of the provisions of section 48, an office implying direct or indirect participation in the exercise of public power and the safeguarding of the general interests of the state shall be determined as such by a decree of the Council of Ministers published in the Official Gazette of the Republic.

Assignment of 50.-(1) The Board may assign to any person the carrying out of inspections

inspection/investigation to third parties. or investigations on persons who are subject, under the provisions of this Law and the relevant legislation, to the supervisory competence of the Commission.

(2) The persons delegated under subsection (1), may exercise during the carrying out of inspections or investigations, the powers and responsibilities vested in the Commission in accordance with the provisions of sections 33, 34 and 36 under the terms and restrictions provided therein as regards the power to collect information constituting correspondence or communication.

(3) The persons who are subject to inspection or investigation shall be obliged to place at the disposal of the Commission and the delegated persons all the data and information required for the exercise of the inspection or investigation.

(4) The persons to whom the inspections or investigations are assigned shall draw up a report after completing their work in the case of an inspection or a finding in the case of an investigation and submit it to the Board for a decision to be taken.

(5) In cases where administrative or potential criminal violations arise as a result of the inspection or investigation, the expenses for the appointment of the delegated persons, under subsection (1) of this section, may be borne by the person that is being inspected or investigated, at the discretion of the Commission.

Assignment of tasks to experts. 51. The Board may assign, as the case may be, the carrying out of a specific task to persons of known special experience and training, capable of assisting the Commission in the exercise of its responsibilities.

PART X – DISCIPLINARY OFFENCES

- Disciplinary offences. 52. A person in the service of the Commission who is convicted of the offence of violation of his duty of confidentiality and observance of the rule of professional secrecy provided in section 31 or who is convicted of an ignominious offence or an offence of moral turpitude or acts in violation of his terms of service or the lawful decisions or instructions of the Board or his supervisor, commits a disciplinary offence punishable in accordance with the provisions of Regulations issued pursuant to this Law.
- Competent disciplinary body. 53.-(1) The Board shall be the competent disciplinary body for the exercise of disciplinary control over persons in the employment of the Commission.
- (2) The Board shall address disciplinary violations ex officio or following a complaint submitted thereto for investigation in accordance with the disciplinary procedure determined for this purpose.
- (3) The Board may suspend the accused person while the complaint against him is being investigated until the issuance of a decision on the disciplinary offence.
- Disciplinary procedure. 54. The Commission by Regulations issued pursuant to the provisions of this Law may determine issues concerning the disciplinary procedure followed before the Board during the hearing of disciplinary offences and all other issues relating to the disciplinary liability of the Commission's employees which require regulation.

PART XI – FINAL PROVISIONS

- Issuance of Regulations. 55.-(1) The Commission may issue Regulations, which shall be submitted through the Minister to the Council of Ministers for approval and published in the Official Gazette of the Republic for the regulation of any issue for which this Law provides the issuance of Regulations.

(2) Regulations issued in pursuance of this Law shall be submitted to the House of Representatives and if within sixty days from their submission, the House of Representatives by its decision does not amend or nullify these Regulations in whole or in part, they shall be published immediately after the expiry of the above deadline in the Official Gazette of the Republic.

(3) In case of amendment to the Regulations issued in pursuance of this Law in whole or in part by the House of Representatives, these shall be published in the Official Gazette of the Republic as amended.

(4) Regulations issued in pursuance of this Law shall enter into force at the date of their publication in the Official Gazette of the Republic, unless otherwise provided therein.

Issuance of
directives.

56.-(1) Without prejudice to the provisions of this Law which provide for the issuance of directives, the Commission may by a directive thereof published in the Official Gazette of the Republic regulate any issue which requires or may be subject to determination.

(2) The directives issued in pursuance of this Law may provide for the imposition of fees or annual contributions and subscriptions on the persons who are subject to the competence of the Commission, as well as for the recovery of the Commission's expenses which relate to their supervision.

(3) Directives issued in pursuance of this Law shall enter into force at the date of their publication in the Official Gazette of the Republic, unless otherwise provided therein.

Affirmation of
allegiance and
confidentiality.

57. A persons who assumes the duties of Chairman, Vice-Chairman, representative of the Governor of the Central Bank of Cyprus, member of the Commission, employee, advisor or investigating officer, shall be obliged before assuming his duties, to sign and deliver to the Commission

an affirmation of allegiance and confidentiality which shall be observed during the exercise of his duties.

Abolition.

64(I) of 2001
157(I) of 2002
187(I) of 2004
44(I) of 2007.

58.-(1) The Cyprus Securities and Exchange Commission (Establishment and Responsibilities) Laws of 2001 to 2007 shall be hereby abolished.

(2) In case a Law other than this Law or a regulative administrative act or personal administrative act refers to the Cyprus Securities and Exchange Commission (Establishment and Responsibilities) Law, which is abolished under subsection (1), the said reference shall be considered to be a reference to this Law, *mutatis mutandis*.

Transitional provisions.

59.-(1) The directives and Regulations issued in pursuance of the Cyprus Securities and Exchange Commission (Establishment and Responsibilities) Laws of 2001 to 2007, unless they are contrary to the provisions of this Law, shall continue to apply as if they had been issued under this Law, until they are amended or abolished.

(2) The individual administrative acts issued by the Commission shall continue to apply under the terms and conditions under which they have been issued, unless amended or revoked by the Commission.

(3) The appointment of every member of the Commission who is serving on the Board of the Commission at the date of entry into force of this Law, made in pursuance of the Cyprus Securities and Exchange Commission (Establishment and Responsibilities) Laws of 2001 to 2007 shall continue to apply until the position of such member becomes vacant, in accordance with the provisions of sections 15, 16 and 17 or subsection (4) of this section.

(4) The Council of Ministers may terminate the office of any of the members of the Board, appointed in pursuance of the Cyprus Securities and Exchange Commission (Establishment and Responsibilities) Laws of 2001 to 2007 and are serving on the Board of the Commission at the date of entry into force of this Law.

(5) The Commission shall continue the procedure of concluding cases, examining complaints and carrying out ex officio investigations which at the date of entry into force of this Law are pending before it, in accordance with the provisions of this Law, without the validity of its relevant decisions being in any way affected.

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