

To : **Cyprus Investment Firms**

FROM : **Cyprus Securities and Exchange Commission**

DATE : **March 13, 2015**

CIRCULAR No. : **C059**

SUBJECT : **Auditors' report on the adequacy of the arrangements established in relation to clients' funds and financial instruments**

The Cyprus Securities and Exchange Commission ("the CySEC") wishes, with this circular, to inform the Cyprus Investment Firms ("the CIFs") and their external auditors about the following:

1. According to article 116 of the Investment Services and Activities and Regulated Markets Law of 2007, as in force ("the Law"), the auditor of the CIF must submit to the CySEC, within four months of the end of each financial year, a report on the adequacy of arrangements established by the CIF, in relation to clients' funds and financial instruments ("the Report").
2. As regards the financial year 2014, the Report must be submitted to the CySEC no later than April 30, 2015.
3. The CySEC reminds the Circular no. 58 issued by the Institute of Certified Public Accountants of Cyprus on April 17, 2014, with subject "Indicative audit program followed when preparing the Report".
4. The CySEC expects that auditors will also verify that CIFs has applied the provisions of [Circular E034](#) on maintaining merchant accounts with payment service providers for the clearing/settlement of payment transactions.
5. The Report that will be submitted to the CySEC by April 30, 2015, must be accompanied by the following:
 - i. Reconciliation of clients' funds between CIFs' internal records and accounts and those of any third parties by whom those funds are held, as at March 18, 2015.

- ii. Analysis of client funds balances per credit institution, payment service provider or other authorised third person, as at March 18, 2015. The analysis should have the following format:

Name of person	Account no	Country of establishment	License/supervision (Yes/No)	Amount
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Sincerely,

Demetra Kalogerou
Chairman of the Cyprus Securities and Exchange Commission