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**TO** : **Cyprus Investments Firms**  
**FROM** : **Cyprus Securities and Exchange Commission**  
**DATE** : **January 9, 2015**  
**CIRCULAR No** : **C038**  
**SUBJECT** : **Prudential supervision - Implementation of CRDIV package**

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Further to the Circular CI144-2013-21, the Cyprus Securities and Exchange Commission ('CySEC') wishes to inform the Cyprus Investment Firms ('the CIFs') about the following:

#### **A. Legal Framework of prudential supervision**

1. On June 26, 2013, the following legal documents were issued at European level:
  - i. The [Directive 2013/36/EU](#) on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, for the amendment of the Directive 2002/87/EC and the repealing of the Directives 2006/48/EC and 2006/49/EC ('the European Directive').
  - ii. The [Regulation 575/2013](#) on prudential requirements for credit institutions and investment firms and the amendment of the Regulation (EU) No. 648/2012 ('the Regulation').
2. CySEC has transposed the European Directive as follows:
  - i. The Investment Services and Activities and Regulated Markets Law, as in force, has been amended in order to accommodate a number of articles of the European Directive. The [relevant amendments](#) were published in the Official Gazette on December 19, 2014.
  - ii. A new Directive with number DI2014-144-14 for the Prudential Supervision of Investment Firms (the '[Directive 2014-144-14](#)') has been drafted in order to incorporate all the remaining relevant articles of the European Directive. The Directive DI2014-144-14 was published in the Official Gazette on December 19, 2014.
3. The Regulation is binding in its entirety and directly applicable in all Member States. However, a number of discretions are included in the Regulation and for this purpose, CySEC has also drafted a new Directive with number DI144-2014-15 on the discretions of the Regulation, which states how the Commission has exercised these discretions. The Directive [DI2014-144-15](#) was published in the Official Gazette on December 19, 2014.

4. As a consequence of the above, CySEC’s Directives DI144-2007-05 on the capital adequacy of Investment Firms and DI144-2007-06 on large exposures of Investment Firms have been revoked.

**B. New Forms for the calculation of capital adequacy**

5. Due to the above changes in the legal framework, CySEC has prepared new forms for the calculation of capital adequacy (‘the Forms’). The new forms are divided as follows:

- i. Form 144-14-06.1 Calculation of own funds and capital adequacy ratio
- ii. Form 144-14-07 Leverage
- iii. Form 144-14-08.1 Large exposures to institutions and non-institutions
- iv. Form 144-14-08.2 Exposures to Directors
- v. Form 144-14-08.3 Exposures to Shareholders
- vi. Form 144-14-09 Geographical breakdown of exposures

6. These Forms are posted in our [website](#). For more details regarding the submission of these Forms please refer to the [Guide for CRD4](#) issued by CySEC.

7. Together with the Forms, CIFs must submit to [crdsubmission@cysec.gov.cy](mailto:crdsubmission@cysec.gov.cy) the following:

- i. Trial balance
- ii. Balance sheet
- iii. Profit and Loss a/c

8. The Forms and the documents of point 7 above must be submitted to CySEC at the following dates:

Reporting reference dates	Reporting remittance dates
31 March (Q1)	12 May (Q1)
30 June (Q2)	11 Aug (Q2)
30 September (Q3)	11 Nov (Q3)
31 December (Q4)	11 Feb (Q4)

9. As a consequence of the above, the Forms 144-05-06.1, 144-06-08.1 and 144-06-08.1 have been revoked.

10. As far as the first reporting is concerned, CIFs are obliged to fill in the new forms for **December 31, 2014** and submit them to CySEC by **February 28, 2015**, the latest, **through TRS system only**. The technical details for the submission of the Forms are presented in the **Annex**.

Kindly note that in cases a CIF is subject to consolidated supervision all completed Forms should be submitted to [crdsubmission@cysec.gov.cy](mailto:crdsubmission@cysec.gov.cy) . Note that all Forms submitted to TRS should be based on their solo requirements.

11. For technical matters on digitally signing and submitting the Forms, the CIFs are advised to frequently visit the CySEC's Website. For further clarifications, the CIFs are asked to use the electronic address [information.technology@cysec.gov.cy](mailto:information.technology@cysec.gov.cy).

All email communication with CySEC include, in the subject, the CIF full name and the two-letter codification as described in the Annex below.

Yours sincerely

Demetra Kalogerou  
Chairman of the Cyprus Securities and Exchange Commission

## ANNEX:

### Naming Convention:

DESCRIPTION	EXCEL NAME	EXCEL NAME AFTER DIGITALLY SIGNED
Form 144-14-06.1 Calculation of own funds and capital adequacy ratio	XX_yyyymmdd_FORM061	XX_yyyymmdd_FRMX061
Form 144-14-07 Leverage	XX_yyyymmdd_FORM07	XX_yyyymmdd_FRMX07
Form 144-14-08.1 Large exposures to institutions and non-institutions	XX_yyyymmdd_FORM081	XX_yyyymmdd_FRMX081
Form 144-14-08.2 Exposures to Directors	XX_yyyymmdd_FORM082	XX_yyyymmdd_FRMX082
Form 144-14-08.3 Exposures to Shareholders	XX_yyyymmdd_FORM083	XX_yyyymmdd_FRMX083
Form 144-14-09 Geographical breakdown of exposures	XX_yyyymmdd_FORM09	XX_yyyymmdd_FRMX09

The information below explains the naming convention:

(1) XX – where XX is the first two-letter codification of the CIF. The list with the codification is published on CySEC's [website](#) and should be entered in capital letters.

(2) yyyymmdd – this denotes the end of the reporting period of the Form. In this case the Form should have a 20141231 format. Future forms will have different reporting periods.

(3) FORM – this is the coding of the form it remains unchanged and should be inserted exactly as it appears. After the word 'FORM' is a zero (0) and not the letter O.

(4) The Excel® must be of 2007 version and onwards. Excel will add the extension .xlsx as soon as it is saved. This extension should not under any circumstances inserted manually.

### Signing the Forms

After the naming convention, the CIFs can use the digital certificate to sign their Form. In case a CIF does not possess a digital certificate, the method of acquiring an acceptable certificate is described in Circular CI196-2014-19.

The Commission has prepared a specialized program (CySEC Digital Signer) to facilitate the CIFs to sign their Forms. It is available at the Commission's website, at [http://www.cysec.gov.cy/digitalsignature\\_en.aspx](http://www.cysec.gov.cy/digitalsignature_en.aspx)

After signing the Form(s) the system will rename it automatically as it appears in the table above. This rename should not be inserted manually under any circumstances.

### **Submitting the Forms:**

1. For purposes of data processing and exercising effective supervision, the above named Forms will be submitted, to CySEC, electronically via the Transaction Reporting System-TRS ('TRS'), which is already used for purposes of transaction reporting (TREM).

2. The technical information, to log in to the TRS are the following:

(a) Address:

Server IP address: 212.31.100.75

Server Type: SFTP using SSH2

(b) Program to be used:

Any file transfer program (SFTP – SSH2) can be used, such as FileZilla, which is a free program and is available at <http://filezilla.sourceforge.net/>

(c) TRS directories:

At user home directory, there are two directories:

- Incoming – the Form will be uploaded in the specific folder.
- Outgoing – the feedback file of the Form can be downloaded from the specific folder.

(d) Login/Password:

The login and password are the same as those given for purposes of transaction reporting (TREM).

### **Successful submission of the Forms:**

1. The sole proof that the Forms were successfully submitted, through the TRS system, is the feedback file with the indication 'OK' which will be dispatched, by the system, to the outgoing folder.

2. If the Forms submission is done at CySEC's normal operating hours (M-F, 8.00-15.00), then the feedback will be dispatched within 1-2 hours. If the submission is not done in this time frame, then the feedback will be dispatched the morning of the next working day.

3. No receipt of this file or receipt of a file with error(s) denotes that the Form was not submitted.

4. In this case, the CIF should immediately correct the error(s) and re-submit the Form.