

24 November 2015

CYSEC Board Decision

Announcement date:	24.11.2015	Board Decision Date:	29.09.2015
Regarding:	Messrs Said Salem, Shaher Hasanain, Savvas Savva and Marios Economou (Board of Directors of Pulp International Business Ltd)		
Legislation:	Directive DI144-2007-01 on the Authorisation and Operation Requirements of Cyprus Investment Firms		
Subject:	Fine of €150.000/ reprimand		
Judicial review:	Click here	Judicial review ruling:	Click here

The Board of the Cyprus Securities and Exchange Commission (the 'CySEC') wishes to inform the public of the decision taken at its meeting of 29 September 2015, namely that **Messrs Said Salem, Shaher Hasanain, Marios Economou and Savvas Savva** do not comply with paragraph 9(1) of Directive DI144-2007-01 of 2012 for the Authorisation and Operating Conditions of CIFs ('the Directive') since, as directors of the company Pulp International Business Ltd ('the Company'), they failed to periodically review the effectiveness of the policies, arrangements and procedures established by the Company for its compliance with the obligations under the Investment Services and Activities and Regulated Markets Law of 2007, ('the Law'), the Directive and the Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2007, as in force from time to time.

The CySEC has decided to impose on each of Messrs **Said Salem** and **Shaher Hasanain** an administrative fine of **€150.000**, for non-compliance with paragraph 9(1) of the Directive. The following factors have been taken into consideration in determining the amount of the said fine:

1. The importance attributed by the legislator to violations of this kind, which is reflected by the maximum administrative sanction provided for violations of paragraph 9(1) of the Directive, in Article 141 of the Law, i.e. €350.000.
2. The importance attributed to the need to ensure that the persons subject to the supervision of the CySEC comply fully with the provisions of the Law and the relevant Directives.
3. The utmost importance attributed to the role of the Board of Directors of a CIF which, as the main decision-making and management body, may with its

actions/decisions play a decisive role in ensuring full compliance of the CIF with the requirements of the law.

4. The importance attributed to the exercise of efficient supervision/evaluation of the procedures/arrangements of the CIF, such as to ensure the quality of its compliance with its obligations pursuant to the law.
5. The failure of Messrs Said Salem and Shaher Hasanain to periodically review the effectiveness of the policies, arrangements and procedures established by the Company, in their capacity as directors and shareholders with qualifying holding, having responsibility for the sound and prudent management of the Company, which has contributed to the withdrawal of its authorisation.
6. The fact that Messrs Salem and Hasanain, in addition to their positions as executive and non-executive directors of the Company respectively, held 51% and 49% of its share capital respectively and therefore, in their capacity as its two shareholders, had increased responsibility for the sound and prudent management of the Company.

In addition, under the powers conferred on it by Article 127(2)(d) of the Law, the CySEC has decided to prohibit Messrs **Said Salem** and **Shaher Hasanain** from exercising a professional activity in the financial sector for a period of **five (5) years** (until November 2020).

Regarding **Messrs Savvas Savva** and **Marios Economou**, the CySEC has decided to reprimand them for non-compliance with paragraph 9(1) of the Directive, taking into consideration the fact that, at the relevant time, they held the position of independent non-executive director of the Company and had no other capacity therein, and in particular:

1. Regarding Mr. Economou:

- 1.1 Because of his position in the Company as non-executive director, he relied on the reports of the persons responsible, including the compliance officer, for matters relating to the identification of clients and on external auditors for the keeping of funds belonging to clients, as well as on the executive directors regarding the accuracy of the reports presented to the Company's Board of Directors.
- 1.2 Owing to the fact that he did not exercise any special duties or had no other capacity in the Company, the CySEC has accepted his claim that he was receiving assurances that no matter had arisen in the Company as well as assurances on the accuracy of the evidence presented to him and therefore did not question the accuracy of the information received in order to request the reevaluation of the effectiveness of the policies, arrangements and procedures established by the Company.

2. Regarding Mr. Savva:

- 2.1 Because of his position in the Company as non-executive director, he relied on the reports of the persons responsible, including the compliance officer, for matters relating to compliance with the law/money laundering and on the external auditors regarding the verification of the accuracy of client funds and reconciliations of outstanding client balances.
- 2.2 Owing to the fact that he did not exercise any special duties or had no other capacity

in the Company, the CySEC has accepted his claim that he was not in a position to verify the accuracy and/or comprehensiveness of the evidence presented to him by the executive director and the officers of the Company and therefore did not question the accuracy of the information received in order to request the reevaluation of the effectiveness of the policies, arrangements and procedures established by the Company.

Finally, the CySEC has decided to refer the case to the Attorney General to examine whether any criminal liabilities arise from the above.