

**THE OPEN ENDED UNDERTAKINGS FOR COLLECTIVE INVESTMENT (UCI) LAW OF 2012**

Directive DI78-2012-17

of the Cyprus Securities and Exchange Commission on the obligations borne by the Variable Capital Investment Company because of the admission to trading of its shares on a stock exchange market

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The Cyprus Securities and Exchange Commission exercising the power vested in it by sections 32(6) and 35(5) of the Open Ended Undertakings in Collective Investment Law of 2012, issues the following Directive:

- Short title 1. This Directive shall be referred to as the Variable Capital Investment Company whose shares are admitted to trading on a stock exchange market Directive of 2012.
- Definition 2. For the application of this Directive, the following definitions apply:
- 78(I) of 2012 “Law” means the Open Ended Undertakings in Collective Investment Law of 2012.
- “Directive” means this Directive.

Terms used in this Directive and are not defined otherwise have the same meaning as the Law.

Scope of Application

3. This Directive applies to Variable Capital Investment Companies of the Republic whose shares have been admitted to trading on a stock exchange market.

Particulars of the content of the merger plan

4. (1) The admission of Variable Capital Investment Company shares on a stock exchange market is effected by a decision of the relevant market operator.

(2) The Variable Capital Investment Company submits an application to the stock exchange market for the admission of its shares, according to the provisions of the stock exchange market regulation. The application for admission covers the total of the Variable Capital Investment Company shares.

(3) The Variable Capital Investment Company, in order to submit its application for admission to trading of its shares on a stock exchange market, in addition to the terms and prerequisites imposed by the relevant market, is subject to the following requirements:

- (a) Has received an operational license from the Securities and Exchange Commission.
- (b) Its articles of association allow the admission to trading of its shares to a stock exchange market and the decision for the admission to the stock exchange market has been taken according to the Law and its articles of association.
- (c) The amount of its capital is up to the amount which is provided as the threshold by the stock exchange market in which its shares will be admitted.
- (d) In case its shares will be admitted to trading, a Market Maker has been appointed, with whom a contract is signed, as provided in paragraph 7 of the Directive.
- (e) The shares of the Variable Capital Investment Company are freely traded.
- (f) In case an application will be submitted for the admission of its shares on a stock exchange market that operates in another member state, the notification procedure to that other state, as provided in section 67 of the Law has been followed.

Articles of Association of

5. The articles of association of the Variable Capital Investment Company whose shares are going to be admitted to trading on a stock

the Variable  
Capital  
Investment  
Company

exchange market, in addition to the elements mentioned in section 33 of the Law, where applicable, state:

- (a) The stock exchange market in which its shares will be admitted to trading and
- (b) The maximum percentage of divergence of its share price allowed as formulated on the stock exchange market in relation to its net value, without this percentage being able to exceed 5%.

Prospectus of  
the Variable  
Capital  
Investment  
Company

6. (1) The prospectus of the Variable Capital Investment Company whose shares have been admitted to trading on a stock exchange market, in addition to the elements mentioned in section 56 of the Law jointly with Schedule I of the Annex of the Law, includes, at least the following:

- (a) information regarding the procedure for the admission of its shares to trading on the relevant market, including the method of assessment of the admission price,
- (b) provided it is necessary, information on the Market maker and information regarding his duties,
- (c) information regarding its policy on dividends and
- (d) particular information regarding the maximum percentage of divergence of its share price allowed as formulated on the stock exchange market in relation to its net asset value.

(2) The prospectus visibly points out to the following:

- (a) that the positive change of the stock exchange value of the Variable Capital Investment Company shares is not guaranteed,
- (b) that the price of the share formulated on the stock exchange market may not reflect the net asset value and
- (c) that there are cases where the trading of the shares on the stock exchange market may be suspended, or stopped.

Contract with  
the Market  
Maker

7. (1) In case the Variable Capital Investment Company's shares are going to be admitted to trading on a stock exchange market, it enters into a written contract with a Market Maker. The contract includes at least the following:

- (a) the rights, the obligations and responsibilities of the Market Maker,
- (b) every clause relevant with the transfer of the Variable Capital

Investment Company shares and related transferable securities, before or after the commencement of trading needed for the function of the Market Maker, as well as the drafting of relevant repos contracts, before or after the commencement of trading for the Market Maker's function and (c) the minimum time period of the contract, which cannot be less than the minimum period for market making.

(2) The Variable Capital Investment Company safeguards that there is at least one (1) Market Maker, even after the contract period set in paragraph (1)(c) above, as well as the immediate replacement of the Market maker, in case of temporary or permanent termination of its duties. The Variable Capital Investment Company notifies immediately the Market Maker's details to the Securities and Exchange Commission.

Suspension,  
discontinuance  
from trading  
and delisting  
of the total of  
the shares

8. (1) The Securities and Exchange Commission may demand the suspension or discontinuance from trading of the Variable Capital Investment Company shares, or even their delisting from the stock exchange market in which these shares have been admitted to trading, when the Variable Capital Investment Company does not adhere to an obligation provided by a provision of the Law or the Directive.

(2) The Variable Capital Investment Company notifies immediately the Securities and Exchange Commission:

- (a) on the suspension or discontinuance from trading of the Variable Capital Investment Company shares, as well as the lapse of the suspension or the discontinuance and
- (b) on the delisting of the Variable Capital Investment Company shares from the stock exchange market in which these have been admitted to trading.

Entry into force

9. The Directive enters into force from its publication in the Official Gazette of the Republic.