
TO : **Cyprus Investments Firms**
FROM : **Cyprus Securities and Exchange Commission**
DATE : **23 January 2015**
CIRCULAR No : **C043**
SUBJECT : **CRDIV – European Commission’s decision on the equivalence of the supervisory and regulatory requirements of certain third countries**

The Cyprus Securities and Exchange Commission ('the CySEC') wishes to inform the Cyprus Investment Firms ('the CIFs') about the following:

1. The European Commission issued on December 12, 2014, its implementing decision on the equivalence of the supervisory and regulatory requirements of certain third countries and territories for the purposes of the treatment of exposures according to [Regulation \(EU\) No 575/2013](#) of the European Parliament and of the Council ([the 'Decision'](#)).
2. The sole purpose of the Decision is to determine equivalence for the purposes of assigning risk weights under the following articles of Regulation (EU) No. 575/2013:
 - i. Article 107 - Approaches to credit risk
 - ii. Article 114 - Exposures to central governments or central banks
 - iii. Article 115 - Exposures to regional governments or local authorities
 - iv. Article 116 - Exposures to public sector entities
 - v. Article 142 - Definitions
3. The Decision entered into force on January 1st, 2015 and therefore, it must be reflected in the CRD reports as at March 31st, 2015 and onwards.

4. CIFs that are adversely affected by this Decision are kindly requested to:

- i. Document this in their CRD reports as at March 31st, 2015 (i.e. when completing Forms 144-14-06.1 and/or 144-14-08.1).
- ii. Send a separate letter to CySEC, along with the abovementioned reports, stating the impact of the Decision.

Upon receipt of the above, CySEC will contact each one of the affected CIFs to discuss the possible actions/solutions.

Yours sincerely

Demetra Kalogerou

Chairman of the Cyprus Securities and Exchange Commission