

TO : Members and Custodians / Listed Issuers of the Cyprus Stock Exchange (CSE)
FROM : Acting General Manager of the Cyprus Stock Exchange
SUBJECT : Standards of the European Central Bank (Ami-Seco) – on the Harmonisation Processes for Corporate Actions of the Central Securities Depository / Registry (CDR) and on Billing Processes
DATE : 23 February 2021
CIRCULAR NO. : 02-2021, 02-2021, 02-2021

Sirs,

Further to our previous Circular on the above dated 5 February 2020, we would like to inform you of the latest developments in the implementation of this Project.

We wish to remind you that the AMI-Seco Advisory Group of the European Central Bank is working on a harmonisation plan for all Markets in Europe, aiming to develop harmonisation Standards through the establishment of a single set of rules and processes based on Standards. In the current phase, Standards for listed Issuers of Corporate and Government Bonds as well as on the billing processes of Market Participants (Members and Custodians) have been prepared. These harmonisation Standards cover the following areas:

- (i) the handling of Corporate Actions on Shares and debt instruments
- (iii) the management of collateral / billing processes.

In order to ensure the smooth implementation of the project's rollout plan on the Cyprus market, prepared on the initiative of the Central Bank of Cyprus (CBC), an AMI-SeCo CY-NSG group involving interested parties, presided by the CBC, has been set up. The group comprises financial stakeholders such as the CSE, the Public Debt Management Office of the Ministry of Finance, the Cyprus Association of Listed Companies (SYDEK), Custodians and the Treasury of the Republic.

According to the latest information we have received, further to consultations with the stakeholders of the European Markets and a reassessment of the circumstances brought about by the Pandemic (Covid-19), the European Central Bank has **established a new timeframe for the implementation of the project, with the new date of implementation being November 2023, i.e. one year later than the date provided in the initial planning.** As a result, all key dates of the various stages of implementation of the project have changed accordingly (the indicative implementation dates for the CSE are set out in the updated Adaptation Plans).

It is reminded that the date for the implementation of Standard 15 for Corporate Actions by Account Services (Custodians, Members, CSDs) supporting the use of SWIFT and which have an obligation to harmonise, was set at November 2025, based on the initial planning.

It is also noted that Standards 6 and 8 on Corporate Actions are currently the object of consultation at European Level, but no final decisions on any amendments have been made.

As part of the implementation of the above project, the CSE has prepared updated Adaptation Plans. These plans were submitted to the European Central Bank by the CBC on 9 February 2021.

The updated plans (attached) were submitted by the CSE in replacement of the initial plans submitted on 20 December 2019 to the CBC and published on the website of the European Central Bank.

The main changes to the new adaptation plans prepared by the CSE focus on Standards 2 and 3 of the implementation plan, relating to the type of Corporate Actions executed on the Cyprus Market and concerning Listed Issuers of Government and Corporate Bonds. Substantial changes have also been made to the project's implementation dates. These changes were deemed necessary, upon serious consideration of the following:

- Since the beginning of the CSE's operation, the Corporate Actions that have been executed are those mentioned in the updated Implementation Plan. The CSE has also mentioned in the plan that it will implement a technical infrastructure and processes for Corporate Actions which are likely to arise in the near future.
- The updated issue has been finalized following consultation with the Public Debt Management Office of the Ministry of Finance, which is the Issuer of Government Bonds.
- The CSE intends to cover new needs of the Cyprus Market, if and when they arise in the future. The Corporate Actions which will be implemented by the CSE will be described in a Manual, which will be provided to Market Issuers, including Corporate Bonds Issuers. In case an Issuer wishes to implement a Corporate Action not included in those already provided by the CSE, it will inform the CSE in advance and the CSE will proceed with its implementation provided the corresponding cost is paid.
- The CSE will constantly review Corporate Actions in order to cover the needs of existing Issuers as well as new needs, which may arise in the future.
- This approach is considered to be the most realistic, practical and effective taking seriously in account the resources and the cost required, always keeping in mind the extensive changes that will have to be implemented by the CSE.
- Finally, it is noted that the CSE adopts the above, taking into account the other significant infrastructure and harmonisation projects, which also have to be implemented during the current and future periods.

We, therefore, send you the updated Implementation Plans submitted by the CSE for you to study. In addition, we send you again the relevant descriptive material as well as the Standards on Corporate Actions.

Please study the attached material carefully as the CSE and Cyprus Market participants will be engaged in this project in the coming two years.

Please note that this circular is sent further to your first update on this subject and that additional updates/meeting will follow.

For any clarifications, you may contact Mr. Fytos Galaxis or Ms Theano Yiasemi, Officers A of the CSE at 22-712300.

Thanking you in advance.

Yours

Nicos Trypatsas
Acting General Manager

Encl.

cc.: Cyprus Securities and Exchange Commission

Central Bank of Cyprus

Ministry of Finance (Public Debt Management Office)

Issuers Committee under Regulation EU 909/2014

Participants Committee (Members/Custodians) under Regulation EU 909/2014

ΚΣΕΠΕΥ

Cyprus Association of Listed Companies (SYDEK)

Cyprus Financial Services Firms Association (CFSFA)