

TO : Members and Custodians of the Cyprus Stock Exchange
FROM : Acting General Manager of the Cyprus Stock Exchange
SUBJECT : **Annual Regulatory Compliance Control (ARCC) of CSE Members/Custodians for 2020**
DATE : 2 July 2021
CIRC. NO.: 09-2021/ 05-2021

Sirs,

The Cyprus Stock Exchange (CSE) will proceed with the Annual Regulatory Compliance Control (ARCC) of CSE Members and Custodians for 2020.

This compliance control (ARCC) focuses on the Members' compliance with the organisational adequacy requirements arising from the implementation of MiFID II. Supplementary assessments may be requested in order for Members to continuously meet the requirements for obtaining and maintaining their status as Members of the Markets / Central Depository – Registry of the CSE.

In the context of implementation of the ARCC, the officers responsible for Members' Regulatory Compliance (Compliance Officers) must submit the following forms attached hereto, duly completed:

- a) The Annual Regulatory Compliance Form (**E1**)
- b) The Financial Data Form (**E2**), and
- c) The Due Diligence Form (**E3**)

Form [E.1] for 2020 (attached hereto) includes the following sections, which will be assessed:

- Member Details
- Financial Data
- Organisational Adequacy/Questionnaire
- Updated supporting documents, which include: a) the Audited Financial Statements for 2020 as well as b) the Rules of Procedure, only if amended. It is noted that the Financial Statements must be accompanied by the Report of the Certified Auditor who has audited the accounts – financial statements pursuant to Internationally Accepted Auditing Standards.

Form [E.2] for 2020 (attached hereto) refers to the Financial Data of Members proceeding to the Clearing of Financial Transactions (Directly, Indirectly).

Form [E.3] (attached hereto) refers to the Due Diligence Counter Terrorist Financing and Sanctions Questionnaire.

Financial data in Forms E.1 and E.2 should be completed based on the latest Annual Audited Financial Statements of the Members.

Submission procedure and timetable of actions

Dates	Action	Email Address
From Monday, 5 July 2021 until Monday 6 September 2021	Submission of completed Questionnaire Form ([E.1])	membership.assessment@cse.com.cy
	Submission of completed form [E.2] on Members' Financial Data	
	Submission of supporting material such as the Audited Financial Statements for 2020 as well as the Member's Rules of Procedure, if amended.	
From 5 July 2021 until 19 July 2021	Submission of Due Diligence form [E.3]	

CSE Custodians are also requested to complete the parts of the questionnaire which are relevant to them, accordingly.

For any further information or clarifications, please contact the CSE Officers Ms Maria Solomou or Mr. Michalis Michael for Trading issues at 22712333, as well as Officer A' Mr. Fytos Galaxis or Officer Mr. George Hadjispyrou at 22712300 for Clearing and Custodian / Due Diligence issues

Thanking you in advance for your response.

Yours

Nicos Trypatsas
Acting General Manager

Encl:

Cc: Cyprus Securities and Exchange Commission

8	Do you have AML, CTF and sanctions policy / framework and procedures?	<p>YES <input type="checkbox"/></p> <p>NO <input type="checkbox"/></p>
8a	If 'Yes' to Q8 are the AML, CTF and sanctions policy / framework and procedures approved by your institution's Board or Senior Management?	<p>YES <input type="checkbox"/></p> <p>NO <input type="checkbox"/></p>
8b	If 'Yes' to Q8a do you have a designated Compliance Officer responsible for AML, CTF and sanctions policy / framework and procedures?	<p>YES <input type="checkbox"/></p> <p>NO <input type="checkbox"/></p>
9	Does your institution use third parties or agents' services to carry out any of its AML, CTF and sanctions related functions?	<p>YES <input type="checkbox"/></p> <p>NO <input type="checkbox"/></p>
9a	If 'Yes' do you assess the adequacy of third party services on AML, CTF and sanctions controls?	<p>YES <input type="checkbox"/></p> <p>NO <input type="checkbox"/></p>
Customer Due Diligence SECTION D		
12	Does your institution implement due diligence and procedures to identify and regularly update the information of all clients? How Often	<p>YES <input type="checkbox"/></p> <p>NO <input type="checkbox"/></p> <p>.....</p>

13	Does your institution periodically perform risk assessment arising from the provision of services (including custody) to each of your clients taking into consideration their activity?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
14	Does your institution make an AML / CTF and sanctions assessment of its clients and their transactions?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
15	Does your institution exclude and block, transactions by persons and entities sanctioned by Competent Authorities i.e. UN, EU, USA and UK?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
16	Does your institution exclude and block the execution of transactions that you may suspect that ultimately came from a person or entity under sanctions?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
17	Does your institution prohibit accounts / relationships with shell banks and/or shell companies?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
18	Do you operate omnibus accounts?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
18a	In cases where you operate omnibus accounts do you determine ultimate beneficiaries of securities?	YES <input type="checkbox"/>	

		NO <input type="checkbox"/>
18b	If 'Yes' do you follow the same AML / CTF and sanctions policy as described in questions 12 to 17 above for the beneficiaries of the omnibus account ?	YES <input type="checkbox"/> NO <input type="checkbox"/>
19	Please indicate the percentage of your clients location (based on assets value): <ul style="list-style-type: none"> • Domestic Clients. • Foreign Clients. %%
20	Please confirm completion of Wolfsberg's CBDDQ or FCCQ	YES <input type="checkbox"/> NO <input type="checkbox"/>

Declaration

We certify and assure that our actions will not cause the CYPRUS CSD or linked CSDs to violate local and international / global AML, CTF and sanctions recommendations and standards. Additionally regardless of whether or not we fall under the EU jurisdiction we commit to all EU Laws and Regulations on AML, CTF and sanctions and will not engage in a client relationship that potentially may lead to the violation in anyway of EU and international / global AML, CTF and sanctions Laws Regulations, Recommendations and Standards.

Completed by Compliance Officer:

First Name:

Last Name:

Email Address:

Telephone:

Signature

Date

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Compliance Officer



Members' Annual Compliance Review 2020

Member Details

LEI (Legal Entity Identifier) Code :

Full name of Member :

- Compliance Officer's name :

Financial Information

Share Capital :

Own Equity (Own Capital) :

Own Regulatory Capital :

Currency :

Fiscal Year :

Questions to all Member of the Cyprus Stock Exchange(CSE)

- 1 Describe briefly how your company attains the organisational and operational adequacy required under its membership status with the Cyprus Stock Exchange, subject also to the provisions of Regulation (EU) 2017/584. Are there any main activities of your company that are outsourced? If yes, please describe.
 - 2 Describe thoroughly your mechanisms/procedures regarding the prevention of conflict of interest, regarding market abuse and transactions' audit.
 - 3 Do the departments shown in your company's current organisational chart and which are directly related to the above status employ exclusively Certified executives? If not, please explain why.
 - 4 Explain how you make sure that all persons employed in the departments engaged in activities related to the aforesaid status comply with the obligations arising from your Internal Regulation.
 - 5 Describe briefly the control and security mechanisms in the electronic data processing area that your company applies.
 - 6 Describe thoroughly the way via which you ensure the distinction between positions for OWN account (if you have) and the clients' positions, from the moment of the trade until its final settlement.
 - 7 Describe the established business continuity policy and plan of immediate recovery (Business Continuity Plan-BCP), by which the continuous fulfillment of the obligations deriving from your activity to CSE is ensured.
 - 8 Has your company been audited by your competent Supervisory Authority during 2019?
If yes, describe briefly the results.
 - 9 Have you been sanctioned by the competent Supervisory Authority during 2019?
If yes, describe briefly the reasons, the sanctions and your relevant actions.
 - 10 When was the last internal audit on the procedures related to the above membership status conducted?
 - 11 Have any findings occurred from those audits, or are there any other incidents or facts that may affect the operation of your company regarding your Membership in CSE?
If yes, describe these findings and your relevant actions.
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- 12 Describe briefly your conformance testing in your API and your procedures, in order to confirm the user's access to those systems.
 - 13 Describe briefly the pre-trade controls regarding price, volume and value of orders that you apply at the API order flows.
 - 14 Describe briefly your procedure that you apply for the obligation to inform CSE for Order Record Keeping (MiFID II short-long mapping).
 - 15 Do you provide Direct Electronic Access (DEA) to your clients?
If yes, describe briefly the client approval policies and procedures.
 - 16 Do you have clients that provide Direct Electronic Access (DEA) to their clients?
If yes, describe briefly the relevant controls.
 - 17 Do you perform Algorithmic Trading (Algo Trading) to CSE?
If yes, describe your organization requirements, the conformance testing procedures and the annual self-assessment procedures that you follow.
 - 18 How many clients' default cases have you faced during the last year and which procedures have you followed to resolve them?
In how many of these cases did you perform closeout (buy-in) transactions?
 - 19 Describe in brief the management model of the securities provided by your clients to cover positions in the Clearing Service of the CSE. Alternatively, you may attach the relevant text / procedure.
 - 20 Describe briefly your risk management model that you apply at your company.
 - 21 Describe in brief the criteria / arrangements / procedures of access of clients to the services directly related to the aforesaid membership status.
 - 22 Describe briefly, in which way you cooperate and collaborate with the Trading Members in order for them to perform transactions, to handle defaults and to limit the risk of those transactions (to be answered by Custodians and Clearing Members).
 - 23 Do you apply controls to reconcile the data between your own systems and the Dematerialized Securities System (DSS) regarding your clients' account details and balances?
If yes, how often?
 - 24 Do you update your client investor's account details on annually basis?
If yes, describe the relevant procedure.
 - 25 Describe the main mechanism / procedure used to verify, on a daily basis, the smooth operation of clearing and settlement of your transactions.
 - 26 What mechanisms does your company have in place to address, in due time, problems with the clearing and settlement of transactions?
 - 27 Are there any other events or elements that may affect your company's operation as a Member and which have not been mentioned above?
 - 28 Is there any change in any of the information based on which your application for membership to the CSE was accepted? If yes, state the changes.
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Updated Supporting Documents

The Supporting Documents must be submitted to the Cyprus Stock Exchange on the e-mail address membership.assessment@cse.com.cy are the following: a) Audited Financial Statements for 2019



If any of the below documents, has been updated in relation with the versions that have been submitted to the CSE in the previous years, it should be submitted again to the following e-mail address: membership.assessment@cse.com.cy

Copy of the a valid operation license granted to the Member by the competent supervisory body

Company's Memorandum of Association / Articles of Association

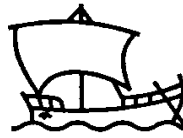
Certificate of Incorporation

Certificate of Shareholders

Certificate of Managing Directors

Statement of Personnel / Organisational Chart

Internal Regulation of the Member



Member Financial Data

General Member Information

Name of Member in English	:
Clearing Member in the Cash Market	: Direct / General / No
LEI Code	:
Category of Member:	: IF / Bank

Financial Information from annual & semi-annual audited financial statements

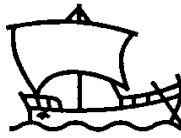
Date of Financial Statements	:
Trade Receivables	:
Cash – as cash equivalents(+deposits)	:
Short-term marketable securities (bonds, stocks, ETFs)	:
Net change (YtD) in cash & cash equivalents (free cash-flow)	:
Total Current assets	:
Total assets	:
Share capital	:
Total equity	:
Total non-current Liabilities	:
Total current Liabilities	:
Short-term financial liabilities (<1Y)	:
Long-term financial liabilities (>1Y)	:
Turnover	:
Gross profit	:
Net profit (after tax)	:

Data on Capital Adequacy

Capital adequacy ratio (or solvency ratio)	:
Minimum limit of the capital adequacy ratio	:
CET1 (if not available, then explain non-availability)	:
Tier1 if CET1 is not available (if not available, please state the reason why it is not available)	:

Total Exposure to other CCPs (in EUR equivalent - ECB fixing)i

Amount of pre-funded resources (i.e. default fund contributions) to other CCPs.	:
Maximum amount of non-pre-funded resources (i.e. assessment powers committed), i.e. obligation to pay additional funds further to the paid share in clearing capital, following a request by CCPs.(e.g. to cover the loss from bankruptcy of another clearing member to various CCPs in which it participates).	:



Liquidity Coverage Ratio (*this question applies exclusively to **bank institutions***)

LCR (%)	:
LCR Limit (%)	:
NPE Ratio (non-performing exposure) for all loan liabilities	:

ⁱ Exposure means the amount of losses that the clearing member could be exposed to, due to its participation in all other CCPs that the clearing member may be using world wide.