

TO : Members / Companies listed on the Regulated Market and the Emerging Companies Market / Nominated Advisors
FROM : Acting General Manager of the Cyprus Stock Exchange
RE : **Small and Medium Sized Enterprises (SME) Growth Market**
DATE : 26 July 2021
CIRCULAR NO. : 10-2021/ 07-2021/ 07-2021

Dear Sirs,

As part of the implementation of its new plans for growth, the ongoing modernisation of its Markets and the improvement of the quality of services provided, reflecting at the same time the current trend of supporting small and medium sized enterprises to promote economic growth, the Council of the Cyprus Stock Exchange has decided to establish a new Market, namely the Small and Medium Sized Enterprises (SME) Growth Market, pursuant to Article 34 of the Law on the Provision of Investment Services L87(I)/2017.

The intention of the Stock Exchange is to separate the existing Multilateral Trading Facility (MTF) – CSE Emerging Companies Market, currently authorised by the Cyprus Securities and Exchange Commission, into two distinct sectors, dedicated to the existing Emerging Companies Market and the SME Growth Market respectively.

Despite the difficult economic conditions in Cyprus over the past few years, the Emerging Companies Market currently operating at the Cyprus Stock Exchange has proven to be a successful initiative. Due its structure, it is mainly addressed to small and medium sized enterprises, assisting them in their efforts to raise capital and promote new innovative proposals, contributing in this way to the further development of our economy. The Emerging Companies Market has been successful in attracting a substantial number of foreign companies as well as Cypriot companies representing mainly foreign interests, strengthening the internationalisation of the CSE and the wider efforts to attract foreign investments in Cyprus. The efforts to develop this Market are also part of the broader initiative currently promoted by the European Union to assist the development and financing of small and medium sized enterprises in the EU.

This new initiative proposed by the CSE therefore aspires to contribute towards expanding and further developing the Market.

Given that the above arrangement also concerns companies listed on the CSE Emerging Companies Market, as well as companies which may be interested in being listed, it is

reminded that the Stock Exchange had sent all Nominated Advisors an email, requesting them to inform their clients of this initiative and submit their views. The answers received indicate a positive response to this effort.

In view of providing more complete information, we attach Article 34 of the Law on the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and other Related Matters – L87(I)/2017, as well as Articles 77-79 of Regulation (EU) 2017/565. Relevant provisions on SMEs can be found in Regulation (EU) 2017/1129 of the European Parliament and of the Council on the Prospectus as well as Regulation (EU) 596/2014 of the European Parliament and of the Council on Market Abuse.

The Stock Exchange has drafted relevant Regulatory Decisions on the operation of the SME Growth Market, attached hereto. These are also posted on the Stock Exchange website under “Legal Framework – Proposed Legislation”, titled “SME Growth Market”.

The Cyprus Stock Exchange would like to invite all interested parties to a consultation on the proposed amendments.

Interested parties may therefore submit their positions and views to the CSE by Friday, 13 August 2021, by email at info@cse.com.cy or fax at 22570308, with the reference “Consultation on amendments 23/7/2021”.

It is noted that, in addition to the attached Regulatory Decisions, the Stock Exchange aims to proceed to the following:

- (i) The formal separation of RAA 379/2014 (as amended), in order to create distinct Regulatory Decisions for the Regulated Market and the Emerging Companies Market respectively,
- (ii) The separation of Part 7 concerning Nominated Advisors from RAA 379/2014, and the creation of a separate Regulatory Decision, given that the provisions of Annex 7 are common for both MTF Markets (Emerging Companies Market and SME Growth Market) and
- (iii) The separation of Annex 17 concerning all CSE charges from RAA 379/2014, such as to create a distinct Regulatory Decision, since the above concerns all CSE Markets and charges.

For any clarifications, you may contact the Directorate for the Listing of Securities and Markets, at 22712300 (ext. 3).

Thank you for your collaboration.

Yours,

Nicos Trypatsas
Acting General Manager

Enclosures

Cc.: Securities and Exchange Commission
CSFSA
Issuers Committee established pursuant to EU Regulation 909/2014
Market Participants Committee (Members and Custodians) established
pursuant to EU Regulation 909/2014