

TO : Members and Participants of the Cyprus Stock Exchange  
FROM : Acting General Manager of the Cyprus Stock Exchange  
SUBJECT : Regulatory Decision on the Operation of the Central Securities  
Depository/Registry - «Technical terms and procedures for the  
provision of the Service of CDR Links & Access to DSS of Market  
Infrastructure Operators»  
DATE: 13 November 2023  
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Dear Sirs,

Having taken into account the Regulatory Decisions on the operation of the Central Securities Depository and Central Registry, which shall be referred to as the «Regulation», the CSE sets out the procedures and technical terms which shall be implemented by the CSE for the provision of the Service of CDR's Links to other CDRs as well as the provision of access to the DSS to Market Infrastructure Operators whose seat is located in or outside the European Union.

## **1. Provision of the service of Links to other CSDs**

The CSE provides to other CSD the possibility to link to its Systems via direct standard or direct customised or indirect Link.

### **1.1. Access to the CSE to other CSDs**

#### ***1.1.1. CSD link procedure with the DSS – General Provision***

1. For the establishment of a Link with the CSE and in the context of the procedure laid down in Article 52 of Regulation (EU) 909/2014, the requesting CSD shall submit:

- a) a request to the CSE to establish a link/access pursuant to Article 1.2 para 1 of Section VIII of the Regulation. In the application (Annex I), the requesting CSD shall state the type of link it wishes to establish with the CSE (direct

standard, direct customised, indirect) and submit the relevant data and supporting documents as referred to in Articles 1.2 to 1.3 hereof.

b) an application to open a Depository Share Account in the DSS, as provided for in Article 4.12 of Section III of the Regulation.

## **1.2. Establishment of a direct Link to the CSE of other CSDs**

### ***1.2.1. Establishment of a direct standard Link***

Subject to the terms laid down in Article 52 of Regulation 909/2014, on the procedures relating to the establishment of a standard Link, the terms relating to the acquisition of the Participant status, in accordance with Section II of the Regulation and relevant CSE procedure shall apply.

### ***1.2.2. Establishment of a direct customised Link***

1. The CSE may provide the direct customised Link upon relevant request submitted by the interested CSD provided the terms set out below are met.
2. The application should include the specific terms of use of the DSS for the purposes of the customised service as well as any term concerning the operation and the characteristics of the Link that shall be served through this service.
3. The CSE may refuse to provide the customised Link or set terms for its provision, subject to the provisions of Regulation (EU) 2017/392, if, due to the nature of the service concerned, its provision requires that the Competent Authority of the requesting CSD is previously notified or gives its authorisation or if the CSE does not intend to engage in obtaining such authorization.
4. In the case of a customized service for the provision of which the terms of para. 3 are not met, the CSE shall accept the relevant application and take the necessary steps to provide or put into operation the customised Link, by setting a relevant schedule to the requesting CSD.

#### ***1.2.2.1. Procedure for the establishment of a direct customized Link***

1. In order to gain access to the CSE through a customised Link, the requesting CSD shall submit, as accompanying supporting documents to its application, the following to the CSE:

- a) Authorisation in accordance with Regulation (EU) 909/2014, as granted by the competent supervisory authority of the country of origin of the requesting CSD.
- b) the company's articles of association.
- c) Information on the composition of the company's administrative body.
- d) List of the CSD's officials based on the validation/representation details who shall be responsible for conducting the operations to the DSS.
- e) Any notification/declaration of the candidate CSD to the competent supervisory authority of its country of origin for the establishment of a Link with another CSD.
- f) Financial statements of the last financial year.
- g) Documents relating to the governance arrangements of the requesting CSD describing the composition, role, responsibilities, procedures for the selection, assessment and accountability of the members of the administrative body and of its committees (e.g. internal regulation, organizational chart), subject to the terms of Article 84 para. 1 of Regulation (EU) 2017/392.
- h) Documentation in relation to the legal and operational terms for the assessment and management of the risks involved, subject to 1(d) of Article 84 of Regulation (EU) 2017/392.

i) The agreement on the law that shall govern every aspect of the Link operations, especially if different jurisdictions are involved in the contractual arrangements of the Link, subject to the conditions of para. 3 of Article 84 of Regulation (EU) 2017/392.

j) Declaration by CSD users responsible for the communication with the CSE and access to the D.S.S.

2. The supporting documents submitted by the requesting CSD, in accordance with para. 1, may be submitted in the form of a simple copy in the Greek or English language. During the verification of the supporting documents submitted, the CSE shall be entitled to request the submission of a true copy of the supporting documents submitted or other additional or supplementary documents and information considered necessary for the examination or verification of the information in the application.

3. The CSE may reject the request for a customized Link as provided for in Article 51 para. 1 of Regulation (EU) 909/2014 and Article 90 of Delegated Regulation (EU) 2017/392.

4. The requesting CSD shall pay the costs and charges relating to the provision of a customised Link, in accordance with CSE's pricing policy.

### **1.3. Establishment of an indirect Link of other CSD with the CSE**

1. The CSE may enable other CSDs to establish an indirect Link, via an Intermediary, which shall act on behalf of the requesting CSD, in compliance with the conditions of Article 2.1 of Section VIII of the Regulation and of Article 85 of Delegated Regulation (EU) 2017/392. For the establishment of an indirect Link to the DSS, the Participant, acting on behalf of the requesting CSD, shall submit:

a) an application for the establishment of an indirect Link to the CSS which shall include:

- i. an application for the opening of a Registered Intermediary Share Account, as well as for the creation of a Client Securities Account in that Share Account, in accordance with Article 4.6 of Section II of the Regulation;
- ii. a report recording any additional risks from the use of that indirect link and the measures for their monitoring and management;
- iii. a statement on the operational efficiency of its systems for the soundness of the reconciliation procedures and the accuracy of the relevant data.

2. The Registered Intermediary shall hold the Securities in the Securities Account of the aforementioned Depository Share Account in the name and for the account of the CSD requesting access to the CSD.

3. The charge for the provision of the Link service shall be set out in the CSE's pricing policy.

**1.3.1. Link using the «delivery versus payment» method (dvp)**

1. As long as the CSE's Link with another CSD enables a settlement using the "delivery versus payment" method and, in compliance with the conditions of Article 87 of Delegated Regulation (EU) 2017/392, the settlement procedure shall be carried out under the specific terms and procedures provided for in par. 3.2.1 and Article 3.3 of Section V of the Regulation.

2. In case of a CSD's access to the CSE, the CSD shall be obliged to carry out an annual assessment with the additional risks resulting from the settlement of cash and take the appropriate measures for their mitigation in accordance with Article

84 para 2 of Delegated Regulation (EU) 2017/392. The CSE may request the CSD to provide information relating to the aforementioned risks.

## **2. Procedures for the protection of the integrity of the issue, matching and reconciliation of balances with linked CSDs**

### **2.1. Reconciliation procedures**

1. The CSE shall daily transmit to the CSDs which have access to the DSS lists with the information referred to in Article 86 para. 1(a) of Delegated Regulation (EU) 2017/392, in compliance with the conditions laid down in Article 10.2 of Section III of the Regulation. In the case of access of a CSD via an indirect Link to the CSE, the transmission of such information shall be conducted through the Registered Intermediary of para. 1.3 hereof.

2. When gaining access to other CSDs, the CSE shall conduct a daily comparison of the opening balance with the closing balance communicated to it by the linked CSD or, in the case of an indirect link, by the Intermediary, with the records maintained by the DSS itself, pursuant to Article 86 para. 1(b) of Delegated Regulation (EU) 2017/392.

### **2.2. Suspension of settlement of issue of Securities due to mismatches**

#### ***2.2.1. Suspension of settlement of issue of Securities by the CSE***

1. In the event of suspension of the settlement of issue of Securities due to mismatches or inconsistencies, in accordance with Article 65 para. 2 of Regulation (EU) 2017/392, during the reconciliation procedure, the CSE shall inform the CSDs, which have access to its systems, without undue delay.

2. In order to inform the CSDs that have access to the CSE via an Indirect Link, the CSE shall inform the Participant through which the Intermediary of Article 1.3 hereof holds the indirect Link, in compliance with the formalities of Article 86 para. 2 of Delegated Regulation (EU) 2017/392.

### ***2.2.2. Suspension of settlement of issue of Securities by a linked CSD***

1. The CSE shall proceed to the suspension of the settlement of the issue of Securities conducted to a linked CSD following relevant information by:

- a) the linked CSD, if it is a Direct Link, or
- b) the Intermediary of Article 1.3 hereof, through the relevant Participant, if it is an Indirect Link,

in accordance with the specific terms of the link, subject to the formalities of Article 86 para. 2 of Delegated Regulation (EU) 2017/392.

2. The suspension of the settlement of the Securities referred to in para. 1 shall be conducted after the execution of the pending settlement instructions of Securities of the linked CSD or the Intermediary referred to in Article 1.3 hereof, as provided for in Article 7.2 of Section V of the Regulation.

3. The CSE shall inform the Participants and Market Infrastructure Operator that have access to its systems, without undue delay.

### ***2.2.3. Specific reconciliation procedures in the context of corporate or other related event***

1. In case the CSE proceeds to reducing the balances of the Securities Account of the Depository Share Account of a linked investor CSD held in the DSS, as a result of a corporate action, it shall inform the linked CSD of the completion of the corporate action. After being notified by the CSE, the linked CSD shall update the accounts of the relevant Securities and process the relevant settlement instructions in its systems, subject to the conditions of Articles 60 and 86 para. 3 of Regulation (EU) 2017/392. The CSE shall inform all Participants and the linked investor CSD of the information relating to the said corporate action, subject to the conditions of Article 86 para. 3 of Regulation (EU) 2017/392.

2. If the CSE operates as an investor CSD, in the event of decrease in the balances of the Securities Account held in the linked CSD as a result of a corporate action, it shall update the Accounts of the relevant Securities and process relevant settlement instructions, if it is notified by the linked CSD for the completion of its corporate action, subject to the conditions of Articles 60 and 86 para. 3 of Regulation (EU) 2017/392. The CSE shall inform all Participants of the information relating to the said corporate action, subject to the conditions of Article 86 para. 3 of Regulation (EU) 2017/392.

### **3. Special conditions for the provision of access to the CSE to Market Infrastructure Operators**

In order to grant access to the CSE to Market Infrastructure Operators, requesting applicants shall submit, subject to the provisions of para. 5 and 6 of Article 89 of Delegated Regulation (EU) 2017/392, the following:

a) If the requesting applicant is a Central Counterparty or other System Operator, it shall submit:

- (i) a request for access to the CSE systems;
- (ii) a certificate of compliance with the legal requirements for participation in the CSE settlement system;
- (iii) a request for opening a System Operator Share Account in accordance with article 4.13 of Section III of the CSE Regulation;
- (iv) a request for opening an Own Securities Account or a Client Securities Account depending on whether it acts as a Participant of the relevant Securities Account or as a Client of the Participant.



b) If the requesting applicant is a Trading Venue Operator, it shall submit:

- (i) a request for access to the CSE systems;
- (ii) a certification by the competent supervisory authority, ensuring the confidentiality of the data provided to it through the CSE settlement system;
- (iii) a request for opening a Trading Venue Operator Share Account in accordance with article 4.14 of Section III of the CSE Regulation;
- (iv) a request for opening an Own Securities Account or a Client Securities Account depending on whether it acts as a Participant of the relevant Securities Account or as a Client of the Participant.

#### **4. Special requirements for access to Third-Country CSD and Market Infrastructure Operators**

##### **4.1. Third-country CSD access**

1. Subject to the terms of Articles 25 and 48 of Regulation (EU) 909/2014, for access to the CSE by a third-country CSD, the procedures of Part 1 hereof shall apply depending on the type of the link they choose (direct standard, direct customized and indirect). Further to the supporting documents provided for per link type, the CSE shall request from the requesting third-country CSD to submit:
  - a) documents describing the applicable legislative and supervisory framework of the country, the law governing the requesting CSD and whether this is comparable to the respective Union law, subject to the conditions of Article 89 para. 2(c) and 4 of Delegated Regulation (EU) 2017/392.
  - b) documents describing the relevant legislative framework of the country whose law governs them, concerning the settlement finality as described in Article 39 of Regulation (EU) 909/2014 subject to the conditions of Article 89 para. 2 (c) and 4 of the Delegated Regulation (EU) 2017/392.

#### **4.2. Third-country Market Infrastructure Operators access**

1. Third-country Market Infrastructure Operators applying for access to the CSE shall comply with the conditions of para. 5 and 6 of Article 89 of Delegated Regulation (EU) 2017/392 and produce, in addition to the documents referred to in Article 3, the following:

a) Especially in the case of an application for access by a central counterparty, documents describing

(i) the current regulatory and supervisory framework of the country whose law governs them and whether this is comparable with the respective Union law, and

(ii) the relevant legislative framework of the country whose law governs them concerning the settlement finality as described in Article 39 of Regulation (EU) 909/2014.

b) Especially in the case of an application by a Trading Venue Operator, documents by the competent supervisory authority describing the current regulatory and supervisory framework of the country whose law governs them and whether this is comparable with the respective Union law.

#### **5. Access of CSE to other CSDs**

##### **5.1. CSE direct link to other CSDs**

1. The CSE shall follow the procedure and submit the relevant information and supporting documents as provided for in the rules of the CSD to which access is requested.

2. The CSE shall create an account to the system of the linked CSD, in accordance with its rules of operation. Registrations to the DSS shall always correspond to the registrations to the linked CSD system. The CSE shall register transfers of Securities to the DSS, under settlement instructions by the linked CSD, provided such instructions are irrevocable, in accordance with the provisions of Directive 98/26/EU.

3. At the same time, the CSE shall open in the D.S.S. a CSD Direct Link Share Account as well as a CSE Investor Share Account, in accordance with Articles 7.1 and 7.3, respectively, of Section III of the Regulation.

4. The cash settlement of the transactions relating to the Securities at the account held by the CSE to the linked CSD shall be carried out through the relevant accounts or through TARGET2 accounts, in accordance with the procedures of the CSE.

## **5.2. CSE indirect link with other CSDs**

1. The CSE may gain access to another CSD through the opening of an omnibus account by an Intermediary in the CSD system in accordance with its rules and procedures.

2. The CSE shall open an omnibus account in the CSD system, through the Intermediary, which may be a credit institution, in accordance with the terms of Article 85 of Delegated Regulation (EU) 2017/392. At the same time, the CSE shall open in the DSS a CSD Indirect Link Share Account as well as a CSE Investor Share Account, in accordance with Articles 7.2 and 7.3, respectively, of Section III of the CSE Regulation.

3. For the establishment of an Indirect Link, the Intermediary shall submit to the CSE the documents certifying the requirements set out in Article 85 para. 1 of Delegated Regulation (EU) 2017/392. Furthermore, the CSE shall ensure through the conclusion of a relevant contract, that the Intermediary shall have no right over the Securities held in the aforementioned account in accordance with Article 85 para. 2(a) of Delegated Regulation (EU) 2017/392.

## **5.3. CSE access to other third-country CSDs**

1. The CSE may gain access to another third-country CSD as provided for in Articles 5.1 and 5.2 hereof.

2. To establish a link with a third-country CSD, the CSE shall conduct the analysis pursuant to the terms of Article 84 para. 1(b) of Delegated Regulation (EU) 2017/392 and perform the assessment of the applicable law in the territory of the CSD to which the request is addressed, pursuant to the terms of Article 84 para. 1(e) of the same Regulation.

#### **5.4. Assessment of a link to other CSDs**

1. For the establishment of Direct or Indirect Links to other CSDs, the CSE shall assess, where applicable, the terms of access and operation of the CSD to which it requests the establishment of the relevant Link or the terms of the Intermediary through which the link to a CSD is provided. The assessment shall be performed in accordance with the procedures set out in Part 7.
2. For the assessment, the CSE may request the provision of a legal opinion on the operations and services of the CSD and, in particular, the framework for the initial registration and settlement of Securities, any liabilities (tax or regulatory) of the CSE, in accordance with the rules of the CSD and the law of the country governing it.

#### **6. CSE communication with linked CSDs**

Communication between the CSE and its linked CSDs shall be carried out through the communication procedures and the message exchange and reference data templates applied by the CSE.

#### **7. Assessment of CSD applications by the CSE**

##### **7.1. Competent Body**

The CSE Council shall be the competent body for the approval or rejection of Link and access disruption applications.

##### **7.2. Review of applications**

Link agreements shall be reviewed at least annually by the CSE. For the review, the developments in the market, the information technology and the national law of the third-country CSD shall be taken into consideration, in compliance with the terms of para. 1(i) of Article 84 of Delegated Regulation (EU) 2017/392.

#### **8. Terms for the disruption of access of CSDs or Market Infrastructure Operators to the CSE**

1. For the disruption of the access of CSDs or Market Infrastructure Operators to the CSE, the CSD or Market Infrastructure Operator shall submit a disruption application to the CSE and shall, to that effect:

- a) Take all necessary measures for the smooth settlement of the outstanding issues arising from the Depository Services it has undertaken to provide.
- b) Send a request for activation/deactivation of a code and change of the data of a linked CSD to the DSS in order to deactivate it from its status and deactivate its users.
- c) Communicate to the CSE the letters required by the CSE for the deactivation of Cash Settlement Accounts held for the Participant in the Cash Settlement Agents.
- d) Comply with all kinds of instructions by the CSE for disruption of its access.

3. The Application shall be submitted upon settlement of all its pending financial obligations towards the CSE and in relation to the settlement of transactions undertaken by the CSD or the Market Infrastructure Operator. The CSE shall not reimburse to the withdrawn entity amounts that have been paid and relate to the technological services provided by the CSE for the period prior to the Disruption Application.

We remain at your disposal for any clarification and thanking you in advance for your cooperation.

Yours,

Nicos Trypatsas  
Acting General Manager

cc. : Cyprus Securities and Exchange Commission  
CFSFA  
Issuers' Committee established pursuant to EU Regulation 909/2014  
Participants' Committee (Members/Custodians) pursuant to EU Regulation 909/2014

## Annex I

<b>Template for the request to establish a CSD link or for the request for access between a CSD and a CCP or a trading venue</b>			
I. General information			
Sender : requesting party			
Addressee: receiving party			
Date of request for access			
Reference number given by the requesting party			
II. Identification of requesting party			
Corporate name of requesting party			
Country of origin			
Legal address			
LEI			
Name and contact details of the person responsible for the request (name, function, phone number, email address)			
Name	Function	Phone	Email
III. Services that form the object of the request			
Type of services			

Description of services			
IV. Identification of authorities			
Name and contact details of the competent authority of the requesting party			
Name	Function	Phone	Email
Name and contact details of the relevant authority referred to in point (a) of Article 12(1) of Regulation (EU) No 909/2014			
Name	Function	Phone	Email
V. Any other relevant information and/or documents			
VI. CSD link arrangement review			
Standard questionnaire in line with the EU CSD Regulation 909/2014			