

TO : Members and Participants of the CSE

FROM : Acting General Manager of the Cyprus Stock Exchange

SUBJECT: **CSD Procedures/Revised forms of the CSD's Regulation of Operation**

DATE : 13 November 2023

CIRC. NO.: 22-2023, 3-2023

---

Dear Sirs,

With this circular we would like to inform you of amendments/changes in the forms of the Central Securities Depository (CSD) of the Stock Exchange in relation to the services it provides in the new operating environment under the new Regulation.

**1. Share Account Consolidation (Section III – Central Maintenance Service, Part 8.2.4)**

An investor that has created and maintains more than one Share Accounts in the CSD is obliged to submit a request for their consolidation. For the consolidation of Share Accounts belonging to the same person, the basic requirement is that the identification details and the general details set out in the Regulation are common for both Share Accounts and the securities of the absorbed Share Account are placed in the Special Account. The consolidation procedure is effected by the CSE as follows:

- Form 3 entitled «Application for Share Account Consolidation» shall be submitted to the CSD attaching the required supporting documents in order to verify the investor's identity.
- Share Account consolidation is conducted by the CSD by transferring all the securities of the Share Account to be absorbed from the Special Account to the Special Account of the Share Account to be maintained.
- Once the above transfer is completed, the absorbed Share Account will be deactivated in the CSD.

**2. Special Account under the CSE's control (Section III – Central Maintenance Service, Part 1.6.5)**

The Special Account is created simultaneously with the creation of a Share Account in the CSD, is unique per Share Account and is handled exclusively by the CSD based on the instructions of the Share Account beneficiary. The transfer of securities from a Special Account to a Securities Account of the same Share Account may be effected at any time upon request of the Share Account beneficiary to the CSD via Form 4 entitled «Request for Transfer of Securities from the Special Account».

**3. Closure/Deactivation of Share Accounts (Section III – Central Maintenance Service, Part 9.2)**

Deactivation of an Investor's Share Account can only be carried out by the CSD provided the Securities Account and the Special Account have a zero securities balance and Form 5 entitled «Application - Declaration of Share Account Deactivation» is submitted to the CSD.

**4. Updating and verification of details (Section III – Central Maintenance Service Part 10.4.5 and Part 1.6.6)**

The CSE will change any Account or Share Account detail, with the exception of the RSCN (Registry share Code Number) To change Account or Share Account details, Form 6 entitled «Application for Change of Share Account and Investor's Securities Account Details» together with the required supporting documents for validation of the investor's identity shall be submitted to the CSD.

At this point, please be reminded that the Participant acting as Investor Share Account operator may at any time change the Share Account's details (with the exception of the RSCN (Registry share Code Number)), excluding details relating to the Name, Surname, Certificate Type and Certificate Number. A Participant changing Investor Share Account details shall collect all documents/supporting documents required.

In addition, upon the beneficiary's request, the CSE may enter a bank account number in the Special Account to which payments may be made for the payment of interest and repayment of capital for Government Bonds as well as listed and unlisted Treasury Bills. To enter the Bank Account, Form 6A entitled «Application for Change of Share Account and Investor's Securities Account Details» and the required supporting documents should be submitted to the CSD.

**5. Provision of Securities Information Service (Section IX – Other Depository Services, Part 6.1.1-6.1.2)**

Share account beneficiary information in the DSS is provided either by the Participant in question for the securities kept in a Participant Account or by the CSD for all Participant Accounts of the beneficiary's Share Account. To provide information through the CSD, Form 7 entitled «Request to Provide Information» shall be submitted and the information provided shall relate to:

- Share Account and Securities Accounts details.
- Securities balances.
- Transactions and any changes in the Securities.
- Legal status of the Securities Accounts.

**6. Provision of Securities Information Online Service (Section IX – Other Depository Services, Part 6.1.3)**

The Investor may obtain information on the registrations and transactions made in his/her Accounts online via access granted by the CSD. To provide this information, Form 8 entitled «Access to the CSE Central Registry Online Service (CSD ONLINE)" should be submitted to the CSD.

**7. Succession Service (Section IX – Other Depository Services, Part 2.2.)**

When the CSD receives notification through the production of either a death certificate or another official document of the death of a Share Account beneficiary, it shall take the following actions:

- It shall enter a relevant indication of the date of death in the deceased's Share Account.
- If the securities held by the deceased are under the control of a Participant, it shall then notify the Participant to immediately transfer the Securities from the Securities Account, where they are held under the Participant's control, to the Deceased Special Account of the relevant Share Account.

The procedure for the transfer of securities due to inheritance is carried out by the CSD as follows:

- Form 9 entitled «Application and Announcement of Off-Exchange Transfer» together with the original of the tax exemption for the securities and the Court

Order regarding the administration of the deceased's estate should be submitted to the CSD.

- A basic requirement for the completion of the transfer is the recipient/heir of the securities to have a Share Account in the CSD and at the same time submit Form 4 entitled «Application for Transfer of Securities from the Special Account».

Please note that the recipient **is not required to submit Form 4** «Application for Transfer of Securities from the Special Account» if the value of the transfer of the securities is up to two thousand euros (€2000) based on the average closing price of these securities on the day of death.

It is noted that if the total exchange market value on the date of death does not exceed the amount of €2000 (two thousand euros), the General Manager may, pursuant to Article 19E of the Law, authorise their transfer to the legal heirs, without the production of a Court Order, provided that 12 months have elapsed from the date of death and no administrator or other legal representative of the deceased's estate has been appointed. In such a case, the procedure for transfer of securities due to inheritance shall be carried out by the CSD as follows:

- Form 7A entitled «Application for Transfer of Securities of a Deceased Investor by virtue of Article 19E», the original of the tax exemption form and an original certificate from a Community Registrar or any foreign public or judicial authority for the hereditary right of the person or persons to whom the securities are to be transferred, must be submitted to the CSD. The relevant power may not be exercised in respect of only part of the deceased's securities and the disclaimer of the inheritance share is not permitted.
- A basic requirement for completion of the transfer is the recipient/heir of the securities to have a Share Account in the CSD and at the same time submit Form 1 entitled «Application for Transfer of Securities from the Special Account».

It should be noted that in this case too, the heir will not be required to also submit Form 4 entitled «Application for Transfer of Securities from the Special Account».

#### **8. Securities Transfer Service (Section IX – Other Depository Services, Part 2.4)**

The CSE provides the Other Securities Transfer Service in accordance with the terms of this Part in the following cases:

- i. Transfer of Securities by Court Order

- ii. Transfer of Securities as a consequence of the issuance or redemption or merger of Securities by their Issuer.
- iii. Transfer of Securities following acceptance of a Public Offer or Exercise of a Squeeze-out Right pursuant to the RAA 96/2008 as amended.
- iv. Transfer of Securities of a Non-listed Issuer which have been registered with the CSD in accordance with the terms of Part 3 of Section IV hereof.
- v. Transfer of Securities between members of the same family, provided the value of the Securities on the date of transfer as calculated from the last closing price of the Security does not exceed two thousand euros (€2,000).

In case the securities to be transferred are held by a Participant and the transfer will be carried out by the CSE, this will only be done by blocking the securities through declaration of intent to transfer by the Participant to the account of the investor delivering the securities. If securities to be transferred are in the Special Account, then no blocking through declaration of intent to transfer is required.

The procedure for the transfer of securities carried out by the CSD is as follows:

- Submit to the CSD a securities transfer document, in the prescribed form, under which the securities are transferred, signed by the parties, with their signatures verified.
- The supporting documents required as the case may be shall be submitted by the parties concerned for validation purposes.
- A basic requirement is for the recipient of the securities to have a Share Account in the CSD.
- The recipient of the securities shall also submit Form 4 entitled «Application for Transfer of Securities from the Special Account».

Please note that the recipient **is not required to submit Form 4** «Application for Transfer of Securities from the Special Account» if the value of the transfer of the securities is up to two thousand euros (€2000) based on the last existing closing price on the day of execution of the off-exchange transaction.

Provided that for reason iv « Transfer of Securities of a Non-listed Issuer which have been registered with the CSD in accordance with the terms of Part 3 of

Section IV hereof», it is not required to submit Form 4 irrespective of the value of the transfer.

**9. Blocking of Legal Entities and other Entities (Section I. Definitions – General Provisions, Part 2.7)**

The signature of any Member of the Board of Directors or Administrative Body of a Legal Entity shall bind the Legal Entity in respect of any matter relating to the CSD, unless the Legal Entity has arranged in a written notice to the Stock Exchange to specify otherwise. Accordingly, a person acting on behalf of a Legal Entity shall submit to the CSE, depending on the status of the Legal Entity, recent and original corporate documents issued by the Competent Authority (e.g. Directors' Certificate from the Registrar of Companies or Certificate of Administrative Committee). Therefore, in case a Legal Entity wishes to take any action in the CSD, it should submit its representation documents.

In case the Legal Entity wishes to be represented by persons other than the Members of the Board of Directors, it should submit Form 10 entitled «Proposed type of notification of decision of the Board of Directors/Administrative Body of CSD's Operating Regulation».

Please note that all previous Circulars issued by the CSE in the past regarding the representation of legal persons shall remain in force (e.g. Circular No.: 06-2015, 05-2015, Circular No.: 11-2017, 09 – 2017, Circular No.: 15-2023/12-2023/06-2023/07-2023 et.al.)

**10. Provision of Collateral Management Service (Section VI –Collateral and Other Encumbrances Management Service, Part 2.1.1.)**

In case the securities to be provided for the provision of collateral/pledge are under the control of a Participant and the collateral/pledge is to be registered by the CSD, the Participant will have to block the securities through a declaration of intent in the account of the investor delivering the securities for the registration of the collateral/pledge. In case securities to be given as collateral/pledge are in the Special Account, no blocking through declaration of intent is required.

The provision of collateral/pledge is carried out through Securities Accounts as follows:

- Form 11 entitled «Acknowledgment of Pledge over Dematerialised Transferable Securities» should be submitted to the CSD.
- A basic requirement for the establishment of the collateral/pledge is for the pledgee to hold an active Share Account in the CSD.

Upon completion of the registration of the collateral/pledge, if the securities were under the Participant's control, they will be marked as collateral/pledge under the Participant's control while if the securities were in the Special Account, they will be marked as collateral / pledge under the control of the CSE.

**11. Procedure for the release of collateral/pledge by the CSE (Section VI – Management Service of Collateral and Other Encumbrances, Part 2.1.1.2)**

For the release of securities marked as collateral/pledge under the control of a Participant or marked as collateral/pledge under the control of the CSD, Form 12 entitled «Notice of Release of Dematerialised Transferable Securities» shall be submitted and signed by the pledgee. Please note that if the pledge is under the control of the CSD and upon release of the securities the investor wishes the securities to be transferred to a Participant, the form shall also be signed by the investor itself and a basic requirement is that there must be an active Securities Account with that Participant.

**12. Procedure of enforced sale of collateral/pledge by the CSE (Section VI – Management Service for Collateral and Other Encumbrances, Part 2.1.1.4)**

For the enforced sale of collateral/pledge in favour of the pledgee, the pledgee is required to submit to the CSD Form 12A entitled «Application for Enforced Sale», accompanied by a certified copy of the relevant Court Order, if such an order is required based on the written statement of pledge. The CSE will proceed with the release and transfer of the securities to a Participant Securities Account designated in the application for forced sale or in a Court Order. A basic requirement for their transfer to the Participant is that there must be an active Securities Account with that Participant.

**13. Eurosystem credit operations (Section VI – Management Service for Collateral and Other Encumbrances, Part 3)**

The securities intended to be pledged for the benefit of the Central Bank of Cyprus (CBC) or for the benefit of any other party for whom the CBC acts as agent for Eurosystem credit operations should be placed under the management of the CBC based on the specific role assigned to it marked «Declaration of Intent to Charge/Pledge Securities». Therefore, Investor Participants whose securities are intended to be pledged for the benefit of the CBC within the Eurosystem should transfer them through the operation of the declaration of intent to charge/pledge securities provided by the system, while for securities held in the Special Account the following procedure is adopted:

- Form 13 entitled «Declaration of Intent to Transfer or Charge/Pledge Securities» shall be submitted to the CSD.
- a basic requirement for the registration of the declaration of intent to transfer or pledge securities is that the person in whose favour the declaration of intent is made holds an active Share Account in the CSD.
- in order for the declaration of intent to be possible, the investor must have a Securities Account with the Central Bank of Cyprus based on the specific role held in the CSD.
- the deadline for the declaration of intent cannot be more than 30 days from the date of registration.

In the event that the intent to declare the pledge of securities must be cancelled, Form 14 entitled «Application for the Revocation of a Declaration of Intent to Transfer or Charge/Pledge Securities» must be submitted and signed by both the CBC and the holder of the securities.

In summary, please note and be reminded of the following in relation to the forms of the CSD:

- All forms must be duly completed and submitted in original form.
- All pages of the forms (if more than one pages) must be initialled by the persons involved in the action requested.
- All signatures on documents to be submitted to the CSE must be verified by a Competent Person or Authority which under Cyprus Law has the power to do so. The obligation to verify the authenticity of the signature on CSD documents shall not apply if they are executed in the physical presence of the beneficiaries or their legal representatives before the competent services of the CSD.
- The relevant Stock Exchange fees shall be payable as per the pricing policy/charges of the CSE.
- Investors, Participants, Issuers or other interested parties shall use the CSD forms in connection with the registrations with the CSD. For any other transaction or operation relating to the securities registered or to be registered for which there is no relevant form, Form 15 entitled «Application» shall be used.

The forms as revised based on the changes made are attached as separate attachments.

The Service of the Central Securities Depository/Registry remains at your disposal for any clarifications on the above.

Thanking you in advance.



Yours sincerely,

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) established pursuant to EU  
Regulation 909/2014