

TO : Listed Companies / Participants / Members / Nominated Εισαγωγής  
FROM : Acting General Manager of the Cyprus Stock Exchange  
RE : New Service of the Cyprus Stock Exchange for cash distributions and proposed amendments of (a) the Cyprus Stock Exchange fees, and (b) the Regulatory Decision on the Operation of the Central Securities Depository and Central Registry RAA 354/2023  
DATE : 3 April 2024  
CIRCULAR NO. : 04-2024, 02-2024, 05-2024, 03-2024

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Sirs,

With this circular we would like to inform you that, as part of the continuous upgrading of the services and procedures of the CSE Central Securities Depository and Central Securities Registry (CSD) and in view of ensuring harmonisation with the market standards of the Single Collateral Management Rulebook for Europe (SCoRE), issued by the European Central Bank through its Advisory Group on Market Infrastructures for Securities & Collateral (AMI-SeCo) and the practices followed by European Depositories, the Council of the Cyprus Stock Exchange will from now on offer the option to pay out cash distributions arising from listed securities via the CSE CSD.

The CSE has prepared a comprehensive, legal, procedural and technical framework for the provision of the service of distribution of dividends / interim dividends / interest coupons / capital returns / capital repayments.

**In summary, the new procedures and the SCoRE standards provide the following:**

- On the day of the payment, the Issuer will credit the total net amount (after deduction of relevant taxes) into the CSE Bank Account in the Target 2 system.
- The CSE will thereafter credit the amounts into the sub-accounts of the Participants in Target 2. You are reminded that Participants include the Members and Custodians of the CSD (IFs or Credit Institutions) which manage the securities of investors. The Participants have the obligation to pay out the cash distributions to their investor – clients.

**The Stock Exchange will initially implement this new procedure for Bonds/Securities.**

We would like to remind you that, further to the implementation of the new Regulatory Decision on the Operation of the Central Securities Depository and Central Registry (RAA 354/2023) and the introduction of the new version of the CSD system, on 13 November 2023, for all Corporate Actions involving cash distributions, the payment of cash distributions to all investors for their securities which are under the control of a Participant is made by the Issuer or through its Paying Bank to the Participant's Bank Account and thereafter the Participant pays the amounts to its investor - clients.

We therefore note that for investors whose securities are held in the “Special Account”, the new procedure cannot be applied. The CSE urges all stock market stakeholders to appreciate the importance and the opportunities provided for adopting improved international practices and procedures by holding securities under the control of a Participant. This also ensures that securities are readily tradable.

As a result of the above, the CSE Council has decided to make certain amendments to the Stock Exchange fees under RAA 335/2023 (Part B) and to certain articles of RAA 354/2023 due to the changes required by these new amended procedures.

The aforementioned fees, as well as the specific articles of RAA 354/2023 which are proposed to be amended, are the following:

**A. Charges pursuant to RAA 335/2023 (Part B)**

| Description of Charge                              |                | Proposed   | Existing         |
|--|----------------|--|------------------|
| 56. A. Cash distributions by Issuers / paying bank | <b>Issuers</b> | Charge of 0.15€ per beneficiary<br>Minimum: 85€<br>Maximum: €2,000 Payment upon submission of the application.<br>Government Bonds are subject to charge 110 and 114 in the fees and rights of the Cyprus Central Securities Depository and Central Registry, Part B   | €85 per Register |
| 56 B. Cash distributions by the CSE                | <b>issuers</b> | Charge in addition to the charge for cash distributions from a paying bank with the provision of payment files (0.15€ per beneficiary), a range of charges is applicable proportionately to the total number of accounts into which payments will be made and which are included in each payment file. This charge will also apply to Government Bonds and Treasury Bills, as follows:<br>1.From 1 to 5,000: €0.05<br>2.From 5,001 to 10,000: €0.04<br>3.From 10.001 and above: €0.02<br>Minimum: € 200<br>Maximum: €2,000 |                  |

In case an issuer requests the CSE to provide **both** services, it will pay the minimum amount of €285 (minimum for service A €85 + minimum for service B €200) up to a maximum of €4,000 for both services (maximum for service A €2,000 and maximum for service B €2,000).

Under the new procedures (applicable as of November 2023), the CSE delivers to the Issuer two new file formats: The CRP\_60 (Investor Payee File) which includes a detailed list of the investors paid by the Issuer, and CRP\_61 (Participant Payee File) which includes the aggregated net amounts per Participant to be paid by the Issuer to the Participants.

In addition, the Issuer is given the option to send to the CSE a record of tax exemptions in accordance with applicable Laws. Moreover, in cases where payment is made by the Issuer to the Participants, the CSE gives Participants the option, by submitting the relevant Form 6B “Request for Change of Participant’s Share and Securities Account Details”, to enter the relevant payment order and present them in the Participant Payee File (CRP\_61 ) to the Issuer.

In cases where the Issuer elects for the Cash Distribution to be made through the CSE to the Participants, the CSE will credit the net amounts to the Participants' sub-accounts held in Target 2.

**Abolition of Existing Charges**

The existing Charges in the Fees and Rights of the Cyprus Central Securities Depository and Central Registry, RAA 335/2023, Part B, Number 56 and 75 are abolished, as the new charges stated above will apply from now onwards:

|   |         |                              |
|---|---------|------------------------------|
| 56. Fee for providing the issuer’s register for dividend and interest purposes (in electronic format)     | Issuers | €85 per register             |
| 75. Corporate actions<br>Government Bonds   | Issuer  |                              |
| (i) Payment of beneficiaries’ interest by the CSE to Participants.  |         | €0.10 per beneficiary/holder |
| (ii) Payment of capital to securities holders upon maturity of the securities by the CSE to Participants. |         | €0.10 per beneficiary/holder |

**B. Amendment of Regulatory Decision on the Operation of the CSD, RAA 354/2023**

The proposed amendments are shaded in the relevant excerpts of the Regulatory Decision, below:

1. Section III. Central Maintenance Service – Part 1 Securities Accounts – point 1.6.(4) relating to the Special Accounts of Non-Appearing Investors

*1.6. Special Accounts*

1. *The following Special Accounts are maintained in the CSD:*

- a) *The Deceased's Account,*
- b) *The Provisional Transfer Account,*
- c) *The Special Account of Non-Appearing Investors, and*
- d) *The Special Account.*

4. *For beneficiaries of securities, the full details of which are not known to the Issuer, the registration of the securities on the CSD is carried out in a Special Account of Non-Appearing Investors, based on the Registry of Non-Appearing Investors of the Issuer. For the beneficiaries included in the Registry of Non-Appearing Investors, the Issuer may periodically submit to the CSD a supplementary Registry of Distribution of Beneficiaries with the full details of the beneficiaries. Alternatively, the CSD, at its discretion, may accept from the Issuer a written notice instead of a registry, regarding the full details of the beneficiary. The CSD then transfers the securities from the Non-Appearing Investors Account ~~to the Special Account or to a Participant Account, depending on the beneficiary's instructions~~ with the exception of cases relating to deceased investors, whose securities must be transferred to the Special Account.*

2. Section VII. Registry, Corporate & Other Related Actions – Part 2 Service of Corporate & Other Related Actions – Part 2.12 Dividend distribution, dividend reinvestment or other cash payments – point 2.12.1 Procedures for collection of dividend or other cash distributions

2.3. *Distribution of dividend, dividend reinvestment or other cash payments,*

2.3.1. *Procedures for collection of dividend or other cash distributions*

*The collection from the beneficiaries or Registered Intermediaries of Securities Accounts of the sums of money distributed by the Issuers or Fund Operators as a result of dividend distribution or other cash payments, is carried out either through the Cash Settlement Accounts of the Participants acting on behalf of the aforesaid beneficiaries and Registered Intermediaries, or through paying banks designated by the Issuers or Fund Operators or the Issuers themselves, as the case may be.*

2.12.2 *Beneficiary determination process*

β) *If the distribution is carried out by a credit institution following a relevant order from the Issuer or the Fund Operator, it makes available to the credit institution: ~~The CSE makes available to the credit institution that will carry out the distribution following a relevant order from the Issuer or the Fund Operator:~~*

- (i) *An aggregate electronic position file per Participant with the number of Securities and the amount payable, and*
- (ii) *An electronic registry of detailed positions of the above beneficiaries who hold the Securities.*

c) ***If the distribution is carried out by the CSE itself, it takes into account for such distribution the details of case b'.***

**3. Section IV. Initial Recording Service – PART 3. Initial Recording Service Provided to Non-Issuers, point 2**

The following paragraph is deleted: *“With the application of this Regulation, the provisions of RAA 273/2012 as amended, which are incompatible or different from those provided in this Part will not apply.”*

Regarding the proposed amendment on the procedure for the Legalisation of Non-Appearing Investors, it is noted that this is being promoted to ensure consistency with the other provisions implemented by the CSE, such as the cases of Corporate Events where the Issuer delivers a listing file, or a file of incorporation of additional securities, and the securities must necessarily be placed under the control of a Participant. In addition, for the process of Legalisation of Non-Appearing Investors, a new investor share account with full details must be created. This is opened in advance by the Participants before the Issuer delivers the file to the CSE and therefore the Participant will have carried out the control procedures concerning its investor/client and the natural progression of this process is that the securities of the legalised investor/client are transferred under its control.

The Cyprus Stock Exchange invites all interested parties to a consultation on these proposed amendments. Interested parties can therefore submit their views and positions to the CSE by 17 April 2024, by email to @cse.com.cy, using the reference: “Consultation on the Amendment of the Regulatory Decision RAA 354/2023 / Amendment of Cyprus Stock Exchange fees”. Please also note that the Cyprus Stock Exchange will shortly provide all stock market stakeholders with a detailed manual, which will include a detailed description of the new procedures.

For any questions / queries, please contact the CSE Senior Officers in charge: For fee amendments, Mrs Theano Yiasemi and for amendments to RAA 354/2023 Mr. Fytos Galaxis, at 22-712300.

We would like to thank you in advance for your collaboration.

We remain at your disposal.

Yours

Nicos Trypatsas  
Acting General Manager

Cc: Cyprus Securities and Exchange Commission  
CFSFA  
Participants’ Committee (Members and Custodians) under Regulation EU 909/2014  
Issuers’ Committee under Regulation EU 909/2014