TO : Members and Participants of the Cyprus Stock Exchange

FROM : Acting General Manager of the Cyprus Stock Exchange

SUBJECT : Conduct of Tests for the Transition of the Settlement Cycle of Transactions to T+1

DATE : 5 June 2026

CIRC. NO. : 07-2026 / 04-2026

Sirs,

As already notified with our previous Circular, CIRC. No.: 05-2026, 08-2026, 06-2026 dated 8 May 2026, the Cyprus Stock Exchange (CSE) plans to transition to T+1 settlement on 11 October 2027. With the aim of ensuring a smooth transition to the T+1 settlement cycle, the CSE plans to introduce, in an initial phase, the following changes/adjustments to the CSE Central Securities Depository / Central Registry (CSD):

(1). Establishment of tolerance limits for Stock_EX transactions

For matching purposes, tolerance limits have been set for settlement amounts and for Stock_Ex Special Settlement Orders. In the event that two orders are matched and the difference in the settlement monetary value is less than the tolerance limit, the settlement will be based on the seller's monetary value. All existing matching checks for Special Settlement Orders (Stock_EX) will continue to apply, and the tolerance level per order will be as follows:

- EUR 2 for settlement amounts up to EUR 100,000, and
- EUR 25 for settlement amounts of EUR 100,000.01 and above

Please note that the same tolerance levels already apply to OTC Settlement Orders.

(2). Extension of entry and matching hours for OTC / Special Settlement Orders (Stock_EX)

The settlement matching cycles for OTC / Special Settlement Orders (Stock_EX) will be extended and the process will take place from 08:15 to 20:00.

(3). Introduction of two new optional matching fields in OTC / Stock_Ex

Two new optional matching fields are introduced in OTC / Special Settlement Orders (Stock_EX), which relate to:

- ~~Client of Participant's Principal –refers to the details identifying the Participant's beneficiary Client.~~
- **Participant End Client:** These are the details identifying the entitled Client of the Participant.
- ~~Client of Counterparty's Principal – refers to the details identifying the beneficiary Client of the Counterparty of a Participant.~~
- **Counterparty End Client:** These are the details identifying the entitled Client of the Counterparty Participant

It should be noted that the matching of settlement orders is achieved even in cases where the above details have been entered by only one of the counterparties.

(4). Improved functionality in existing buy/sell analysis screens

It will now be possible to search for all transactions on a specific date, without the current limitation of 250 entries per search.

(5). Updating of sub-account balance in the Dematerialised Securities System (DSS) when its balance in Target increases during an open cycle

Automatic updating of a sub-account balance in the Dematerialised Securities System (DSS) during an open cycle will be permitted when the corresponding cash balance in the TARGET system increases.

(6). ~~Replacement of the existing SIA (Special Intermediary Account) mechanism with a new cost-effective mechanism using only the Intermediary's OWN Account~~ Replacement of the existing Principal Account model with a new cost-effective model using only the Intermediary's Own Account

Replacement of the existing ~~SIA~~ mechanism with a new mechanism, ~~i.e.~~ using only an OWN Account that has also been designated as ~~an SIA~~ Principal Account, where all transaction types ("ON EX", "Stock_EX" & "OTC") will be permitted. ~~In order to replace the existing SIA mechanism with a new mechanism, new functionality is planned for the Clearing System as follows~~ New functionality in the Clearing System is being designed for the replacement of the existing Principal Account model, as follows:

- Creation of a new screen titled "Intermediary Broker Dealers" for the registration of the Intermediary's OWN Securities Account, which will be designated as operating also ~~as an SIA~~ as a Principal Account.

- The designation of an OWN Securities Account as ~~SIA~~ as a Principal Account applies only to the Clearing Member/Participant who has made the registration ~~on~~ through the new 'Intermediary Broker Dealers' screen.
- Creation of a new file ~~of registered~~ containing all registered "Intermediary Broker Dealers".
- The OWN Intermediary Account will hold quantities at the end of the day.
- ~~Sales analysis~~ Sell allocation from T+0 will be permitted ~~in the Intermediary's OWN Securities Account, which has also been designated as SIA~~ for the Intermediary's OWN Securities Account that has been designated also as a Principal Account ~~.~~

The following categories of Share Accounts in the DSS are considered to be Intermediary OWN Accounts:

- Participant's Own Share Account (uniqueness rules do not apply).
- Member Share Account (uniqueness rules apply).
- Client Share Account belonging to a Broker-Dealer (uniqueness rules apply), namely:
  - These relate to a Legal Entity classified in the DSS as an Intermediary, i.e. with General Statistical Category 'S_125 - Other financial institutions' or 'S_122 - Credit Institutions & Multilateral Development Banks'
  - They have been marked by Participants with a "Y" (Yes) in the field "Use for Intermediaries' own portfolio".

Share Accounts that do not fall within the above categories will not be eligible to be ~~marked as SIAs~~ designated as Principal Accounts .

When creating Share Accounts falling within the categories mentioned above, as well as in the event of any changes to their details, a check will be carried out in the "Use for Intermediaries' own portfolio" field; if they have not been marked with a "Y" (Yes), then it will not be permitted to create a new Share Account or to modify the details of an existing Share Account

~~To prepare for the transition to the new SIA mechanism, the CSE will carry out an automated validation check on Share Account details and will inform Participants of the Share Account details that do not fall within the categories of intermediary OWN Accounts mentioned above~~.

For the purpose of preparing the transition to the new Principal Account model, a new automated account data validation will be introduced. Based on this validation Participants will receive the details of any Securities Accounts that have an active association with a Principal Account that do not fall within the categories mentioned above.

(7). New intraday transaction management functionality

A new screen has been created in the DSS via the option Clearing → Functions → Automated Intradays Management, which will be available exclusively to Clearing Members of the Securities Market. This screen will display transactions that meet the following criteria:

- Buy & Sell transactions on the same ISIN
- They have been executed by the same Trading Member

- They have the same OASIS client code
- They have been executed in the same or a different Clearing Sub-account of the same Clearing Account
- Transactions that meet the above criteria will be displayed even if the Buy and Sell quantities are different.

The new intraday transaction management functionality will achieve the following:

- The Clearing Member will have the option to select which transactions should or should not be subject to automatic intraday management by the Clearing System.
- The splitting of transactions in cases where the Buy and Sell quantities differ, followed by automatic Buy analysis and simultaneous Intraday declaration in cases where the Clearing Member is also a Participant in the transaction.
- The splitting of transactions without automatic market analysis and without an intraday declaration, in cases where the Clearing Member is not a participant in the transaction.
- General Clearing Members will be able to split transactions for the Trading Members they serve, in cases where the Buy and Sell quantities differ. Clearing Members will then transfer the transactions (whether automatically or not) to the Trading Member – Participant so that the latter can carry out the buy analysis and submit the Intraday declaration via the existing functionality.

Tests on the new DSS system will take place from 22 June 2026 to 24 June 2026, and the contribution and active participation of Trading Members, Clearing Members and Participants during this period is deemed essential.

The attached table 'Testing Plan for the preparation of adjustments for transition to T+1' outlines the testing plan aiming to check the above new functionalities of the DSS system. Depending on the progress of the tests, the Stock Exchange will subsequently inform you of the date of implementation of the new Regulation and the new version of the DSS.

Yours,

Nicos Trypatsas
Acting General Manager

Enclosures

Cc.: Securities and Exchange Commission
CFSFA
Issuers' Committee under Regulation EU 909/2014
Committee of Participants under Regulation EU 909/2014

Testing Plan for transition to T+1

Introduction

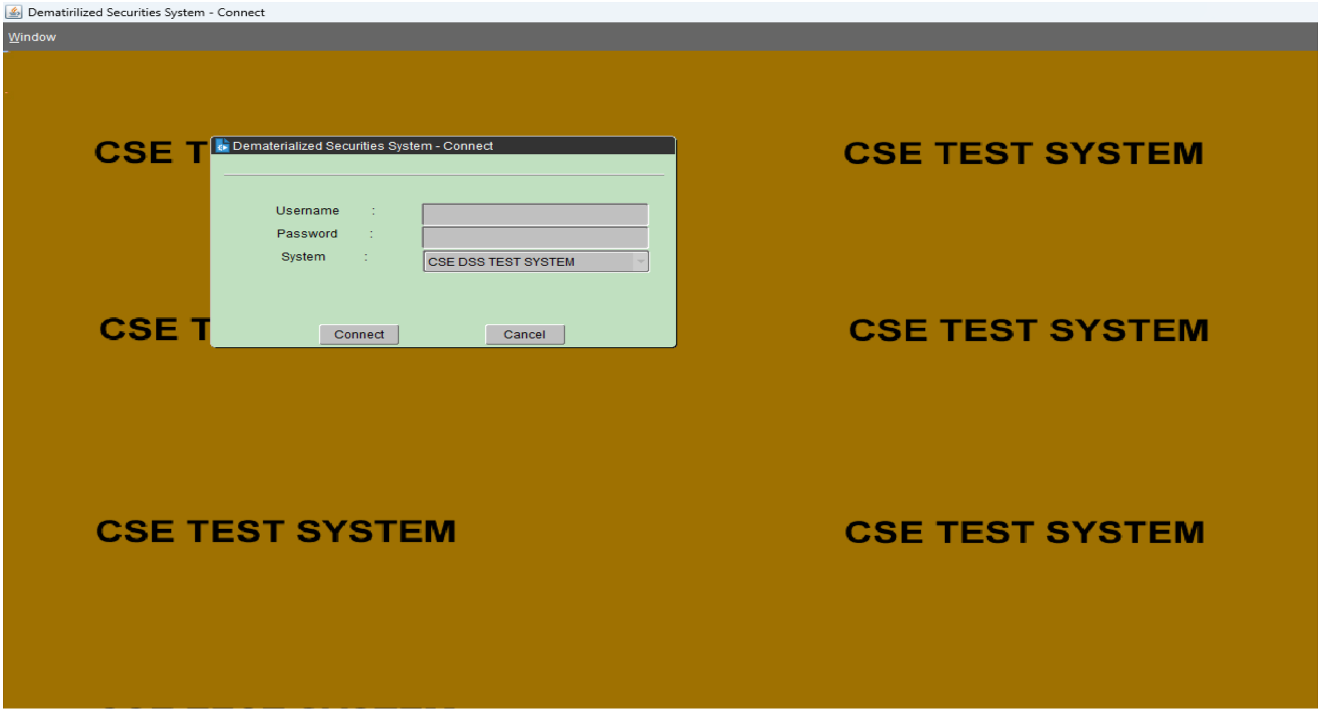
In view of preparing for the implementation of the planned new clearing and settlement mechanism as part of the T+1 project, the proposed test scenarios for testing the new functionalities of the DSS are set out below.

The data in the DSS test environment is the same as that in production up to 06/05/2026.

General Testing Instructions

To carry out the tests, you must log in to the DSS test environment via a web browser (preferably Internet Explorer or Firefox), using the following URLs:

- https://dssmock.cse.com.cy
- https://webdssmock.cse.com.cy (for access via the Internet)



A form will be displayed and you must complete the fields below as follows:

- 'Username': use the production username
- 'Password': use the production password that was valid on 06/05/2026

If you do not know the production password valid on 06/05/2026, you can send an email to receive a temporary password for the SAT test environment.

During the tests, Clearing Members/Participants that encounter any problems (technical or otherwise) are requested to contact us via email at target2@CSE.com.cy

Failure to report a problem by participants will be taken as an indication that there are no problems.

PROPOSED TEST SCENARIOS

A. New intraday transaction management functionality

Notes

- To execute the scenarios below, which are intended to test the new functionality, transactions must be carried out in the trading system's test environment (OASIS).
- On **22/06/2026,** it will be possible to execute transactions in the OASIS test environment from **11:30 to 16:00**. When executing transactions, you should also take the following scenarios into account.
- The service of the Central Securities Depository will import the file/upload data from the OASIS test system into the DSS test system.
- The clearing and settlement of the transactions will take place on T+2.
- The timing for the settlement cycles will be the same as that applicable in production.
- Clearing Members and Participants must ensure that their Settlement Bank credits the sub-account they use in the CSE Ancillary System's test/UAT with the required amount of funds for the settlement of transactions.

No.	Start Date	End Date	Test Scenario	Expected Outcome
1	23/6/2026	24/06/2026	Simple transaction (buy and sell) for the Trading Member's own client, in the same Clearing Sub-account for a specific security. The buy quantity must be equal to the sale quantity.	On the new **Clearing → Functions → Automated Intradays Management** screen in the [Trades for Intraday Declaration] section, the transaction will appear, and by clicking the [Intraday] button a buy analysis and an Intraday declaration will be carried out. From the **Clearing → Functions → Intradays Management** screen, a search using the transaction details will confirm the automatic Intraday declaration.
2	23/6/2026	24/06/2026	Simple transaction (buy and sell) for the Trading Member's own client, in a different Clearing Sub-account of the same Clearing Account for a specific security. The buy quantity must be equal to the sale quantity.	On the new **Clearing → Functions → Automated Intradays Management** screen, in the [Trades for Intraday Declaration] section, the transaction will appear, and by clicking the [Intraday] button, a buy analysis and an Intraday declaration will be carried out.

				From the **Clearing → Functions → Intradays Management** screen, a search using the transaction details will confirm the automatic Intraday declaration.
3	23/6/2026	24/06/2026	Simple transaction (buy and sell) for the Trading Member's own client, in the same Clearing Sub-account for a specific security. The buy quantity must be greater than the sale quantity.	On the new **Clearing → Functions → Automated Intradays Management** screen, the transaction will appear in the [Trades for Intraday Shaping] section, and the transaction can be split using the [Split] button. The transaction will appear in the [Trades for Intraday Declaration] section, and by clicking the [Intraday] button a buy analysis and an intraday declaration will be carried out. From the **Clearing → Functions → Intradays Management** screen, a search using the transaction details will confirm the automatic Intraday declaration. The split of the transaction will be confirmed by printing the report via **Clearing → Reports → Shapings Report**.
4	23/6/2026	24/06/2026	Simple transaction (buy and sell) for the Trading Member's own client, in the same Clearing Sub-account for a specific security. The buy quantity must be less than the sale quantity	On the new **Clearing → Functions → Automated Intradays Management** screen, the transaction will appear in the [Trades for Intraday Shaping] section, and the transaction can be split by clicking the [Split] button. The transaction will appear in the [Trades for Intraday Declaration] section, and by clicking the [Intraday] button a buy analysis and an intraday declaration will be carried out. From the **Clearing → Functions → Intraday Management** screen, a search using the transaction details will confirm the automatic Intraday declaration.

				The split of the transaction will be confirmed by printing the report via **Clearing → Reports → Shapings Report**.
5	23/6/2026	24/06/2026	General Clearing Members must, in cooperation with the Trading Members they serve, carry out the following: • Enter a simple transaction (buy and sell) for the Trading Member's own client. • The client's Securities Account must not have a ~~declaration of use in the FEM??.~~ a usage declaration assigned to the GCM • • The entry must be made to the same Clearing Sub-account for a specific security. The buy quantity must be greater than the sale quantity. Shifts of buys and sales to Participants via screen and file.	On the new **Clearing → Functions → Automated Intraday Management** screen, in the [Trades for Intraday Shaping] section, the transaction will appear and the [Split] button will split the transaction. The automatic split of the transaction will be confirmed by printing the report via **Clearing → Reports → Shapings Report**. The shift is carried out, followed by a check on the acceptance of the actions by the Clearing System via the **Clearing → Functions → Search Shifted Trades** screen.
B. Functionality Check for Creation of Share Account and Securities Account				
No.	**Start Date**	**End Date**	**Test Scenario**	**Expected Outcome**
1	23/06/2026	23/06/2026	Creation of a Legal Entity Share Account with client category (O) and General Statistical Category 'S_125' or 'S_122'.	The field 'Use for Intermediary's own portfolio' should be treated as mandatory with the sole permitted value being 'Y' (Yes); otherwise, the Share Account should not be created.
2	23/06/2026	23/06/2026	Creation of a Legal Entity Share Account of category (e) of the same Participant with General Statistical Category 'S_125' or 'S_122'.	The field 'Use for Intermediary's own portfolio' should be treated as mandatory with the sole permitted value being 'Y' (Yes); otherwise, the Share Account should not be created.
3	23/06/2026	23/06/2026	Creation of a Legal Entity Share Account with client category (O) and a General Statistical Category other than "S_125" or "S_122".	The field 'Use for Intermediary's own portfolio' should not be treated as mandatory but optional.

4	23/06/2026	23/06/2026	Creation of a Legal Entity Share Account of category (e) of the same Participant with a General Statistical Category other than 'S_125' or 'S_122'.	Check that no Share Account is assigned.
C. Functionality check for update of Share Account and Securities Account details				
No.	Start Date	End Date	Test Scenario	Expected Outcome
1	23/06/2026	23/06/2026	Change of Share Account details relating to a Legal Entity of client category (O) with General Statistical Category 'S_125' or 'S_122'.	The field 'Use for Intermediary's own portfolio' should be treated as mandatory with the sole permitted value being 'Y' (Yes); otherwise, the change will not be executed.
2	23/06/2026	23/06/2026	Change of details for a Legal Entity Share with client category (O) and a General Statistical Category other than the options "S_125" or "S_122".	The field 'Use for Intermediary's own portfolio' should not be treated as mandatory but optional, and the change to the details will be executed.
3	23/06/2026	23/06/2026	Change of details for a Legal Entity Share Account of category (e) of the same Participant with General Statistical Category 'S_125' or 'S_122'.	The field 'Use for Intermediary's own portfolio' should be treated as mandatory with the sole permitted value being 'Y' (Yes); otherwise, the data change will not be executed.
D. Introduction of two new optional matching fields in OTC/OTC Stoc-Ex				
No.	Start Date	End Date	Test Scenario	Expected Outcome
1	24/06/2026	24/06/2026	Entry of OTC and Stock_Ex orders where the fields 'Participant End Client ~~Client of Participant's Principal~~' and '~~Client of Counterparty's Principal~~ Counterparty End Client' have been completed by both Participants.	Check that the matching of the settlement orders is successful.
2	24/06/2026	24/06/2026	Entry of OTC and Stock_Ex orders where the fields 'Participant End Client~~Client of Participant's Principal~~' and '~~Client of Counterparty's Principal~~ Counterparty End Client'' have been completed by only one counterparty.	Check that the matching of the settlement orders is successful.
3	24/06/2026	24/06/2026	Entry of OTC and Stock_Ex orders via a file where the fields '~~Client of Participant's Principal~~ Participant End Client' and	Check that the file is uploaded and that the matching of the settlement orders is successful.

			‘~~Client of Counterparty’s Principal~~ Counterparty End Client’’ have been completed by both Participants.	
4	24/06/2026	24/06/2026	Entry of OTC and Stock_Ex orders via a file where the fields ‘~~Client of Participant’s Principal~~ Participant End Client’ and ‘~~Client of Counterparty’s Principal~~ Counterparty End Client’’ have been completed by only one counterparty.	Check that the file is uploaded and that the matching of the settlement orders is successful.

Note

- Where settlement orders relate to OTC/DVP, Participants must ensure that the Settlement Bank serving them credits the sub-account they use in the test environment for the CSE Ancillary System with the required amount of funds for the settlement of the orders.
- The timings for the settlement cycles will be the same as those applicable in production.

E. Updating the sub-account balance in the CSD when its balance in Target increases during an open cycle

No.	Start Date	End Date	Test Scenario	Expected Outcome
1	24/06/2026	24/06/2026	During an open cycle, Participants will be able to check that the cash balance in the TARGET system increases, as they will expect to receive funds from the settlement of OTC transactions that will have been executed.	Confirmation that the sub-account balance increases during the open cycle.