

Company Profile

Organization Name: CYPRUS STOCK EXCHANGE

Country/ Region: CYPRUS

Name of CEO: Mr Nondas Cl. Metaxas

Capital (US\$): 13,894,100

The above figure is based on the last audited, CSE's Annual Financial Statements as at 31/12/2014.

Number of Officers and Employees: 78

Ownership and Governance: The Cyprus Stock Exchange is a public Corporate Body (Semi- Governmental Legal Entity) (Main Shareholders)

Brief History: The Cyprus Stock Exchange (CSE) is a regulated exchange where all activity concerning corporate and public listed securities is carried out. The CSE started its operations on the 29th of March 1996 as a public corporate body (Semi Governmental Legal Entity), by virtue of the Cyprus Stock Exchange Law and Regulations, which had been passed by the House of Representatives in 1993 and 1995 respectively. In accordance with the provisions of the Cyprus Securities and Stock Exchange (Central Depository and Central Registry) Laws of 1996 – 2014 and the Cyprus Securities and Stock Exchange (Registration, Trading and Clearing of Dematerialised Securities) Regulations of 2001 – 2005 the CSE established the Central Securities Depository and Central Registry (CSD) with the dematerialisation of listed securities.

The legal framework governing the operation of the CSE and the CSD follows current international practices and standards. For the management of the CSE responsible is the Council which is appointed by the Council of Ministers. Its Council is responsible for the formulation and implementation of its policy. More specifically, the council supervises the operations of the CSE and has exclusive authority over the management and administration of its assets, in accordance with the provisions of the Law and Regulations. All procedures and decisions concerning the CSE and CSD are approved by the Council and the Director General – CEO. The Council and management of the CSE have implemented appropriate internal controls to safeguard the assets and ensure integrity and security of the operations of the CSE.

The overall supervision of the CSE as a public corporate body is assigned to the Ministry of Finance.

The CSE undertook to replace the individual shareholders' registries of all Issuers that have listed securities at the CSE, with the CSD. With the official operation of the CSD (23rd of July 2001), the CSE gradually dematerialised securities and took over the registries of the Companies that have listed securities at the CSE.

With the official operation of the CSE, the CSE undertook the responsibility for maintaining and recording all changes in the registries, resulting from Clearing & Settlement of transactions, transfers, pledges, corporate actions, etc.

The CSE has implemented a fully automated computerised system to handle the trading, clearing and settlement of transactions and updating of the CSD.

CSE's Participants execute their transactions through its trading system and the CSD is responsible for the clearing and Settlement of the transactions.

CSE Recent upcoming / future market developments:

Some of the major projects / events that have been implemented by the Cyprus Stock Exchange, are the following:

1. As from January 16, 2015, the Cyprus Stock Exchange, has made changes in its trading rules in line with EU Regulation 236/2012 of the European Parliament in regards to Short Selling. Short selling is applicable to all Markets of the exchange except for Special Category Market and Special Characteristics Market.

Additionally, as from January 16, 2015, the CSE also proceed with the implementation of Stock Lending through the mechanism of the Over the Counter (OTC) transactions, carried out through the Central Depository and the Central Registry.

2. On Monday 6th of October 2014, the settlement cycle of the transactions executed on listed securities that are traded on its markets has been shortened from 3 working days (T+3) to 2 working days (T+2). This change is in accordance with the Central Securities Depository Regulation (CSDR), which among others aims to harmonize the securities settlement cycles in the European Union. Furthermore, this change is applicable for OTC trades which are executed on the Central Depository / Registry of the CSE.

3. In May 2014 the CSE has also been appointed by the Ministry of Finance to carry out all relevant procedures in regards to the 6 Years Cyprus Government Bonds issued to Physical Persons and to maintain the Registry. These particular Government Bonds are not listed.

4. Since the beginning of December 2012 the cash settlement in Euro is done through Target 2. In this new environment CSE's cash settlement is being performed through one of the six procedures that Target 2 offers for Ancillary Systems and more specifically, settlement procedure 6 'Dedicated Liquidity'.

With settlement procedure 6, Settlement Banks will have the opportunity to pre - fund their prospective settlement obligation (or the obligation of a Participant they serve) through liquidity transfer from its PM account into its sub account (or the sub account of a Participant) prior to the Ancillary System settlement processing.

Target 2 settlement procedure 6 shall start by 'start of procedure' message and finish by an 'end procedure message' to be sent by the CSE Ancillary System at 8:00 o' clock and 14:15 o' clock respectively. Within this time frame CSE Ancillary System will run its own settlement cycles and during each cycle liquidity on the sub accounts will be frozen and will be released at the end of each cycle. At the end of each settlement day if there is a remaining balance in a subaccount it will be returned automatically to the Settlements Bank PM account.

Please note, that CSE will only use the daytime operations offered from Target 2 for Ancillary System.

5. Since April 2015, the Clearing Fund is deposited in Central Bank money and not in commercial Bank.

6. In May 2014, the CSE has also been appointed by the Ministry of Finance to carry out all relevant procedures in regards to the 6 years Government Bonds issued to physical persons and to maintain their registry. These particular Government Bonds are not listed.

Types and number of Participants: 21 Members and 12 Custodian Banks

Regulatory Environment: All Laws and Regulations relating to the CSE are subject to approval by the Ministry of Finance. Which submits them to the House of Representatives to be enacted. The Legal framework governing the CSE is the following:

1. The Securities and Cyprus Stock Exchange (Central Depository and Central Registry) Laws of 1996 to 2014.
2. The Securities and Cyprus Stock Exchange (Registering, Trading and settlement of dematerialized securities Regulations.
3. Regulatory Decisions of the Council of the CSE on the Operation of a Central Securities Depository and Central Registry (Regulatory Administrative Act 398/2006 as amended) & explanatory table of terms.
4. Regulatory Decisions regarding Clearing of Transferable Securities Transactions in Book Entry Form (Regulatory

Administrative Act 450/2014).

5. Regulatory Decisions of the Council of the CSE on the Clearing and Settlement of Stock Exchange Transactions in Respect to Dematerialized Securities of the Central Securities Depository and Central Registry (Regulatory Administrative Act 397/2006 as amended).
6. Central Registry of Stock Exchange Securities – Investors’ Manual (Regulatory Administrative Act 408/2006).
7. Regulatory Decision concerning the procedure of acceptance, the clearing and the settlement of the transactions which concern dematerialized securities of the Central Securities Depository and Central Registry after acceptance of public offer or the exercise of squeeze out (Regulatory Administrative Act 96/2008 as amended).
8. Regulatory Decision regarding the Undertaking and Keeping of Registries of Non-Listed securities (Regulatory Administrative Act 273/2012).

Stock Exchanges: CSD is a department of the Cyprus Stock Exchange which as it is stated above is a semi-governmental legal entity.

Other CSDs or clearing organization in your country: No

Services Provided: in addition to Clearing and Settlement, the Cyprus Central Depository / Registry performs the following services:

- Transfer of Ownership in Off Exchange Transactions.
- Transfer of securities from the Special Account (CSE Control) to Operator’s Account.
- Pledge / Release of securities
- Freeze of securities after a Court Order.
- Services to Investors such as: Statement of Account, information for Investors’ account, CSD on-line viewing of the movements in the Investors’ Accounts.
- Services to the Issuers of Securities with regards to Corporate Actions.

Eligible Securities: Shares, Rights, Warrants, Bonds, T-bills

Corporate Action services Provided? The Cyprus Stock Exchange Provides Services in regards to corporate actions both to Listed and Non-listed Issuers (Split, Reverse split, Rights Issue, etc)

(If yes, what kinds of services provided?)

Value of Securities in Custody (US\$): Not available

Amount of Cash Settled per annum (US\$): 165.823,974

Percentage of Securities Immobilized/ Dematerialized:100% Dematerialised

Market Capitalization/ Trading volume per annum (US\$): US\$7.195.827.357,31

The above figures are based on the Rate Euro – USD as at 31/12/2015

Total Revenue/ Expense and Net income Per annum (US\$):

Total Revenue = US\$5.620.070

Total Expenses = US\$6.510.530

Net Deficit = US\$890.460

The above figures are based on the last dated audited CSE's Annual Financial Statements as at 31/12/2014.

Memorandum of Understanding/ Business Agreement (Date)

1. Bucharest Stock Exchange (Romania) – 2/8/2007
2. The Egyptian Exchange – 26/2/2008
3. OJSC VTB Bank (Russian Federation) – 19/11/2008
4. Tehran Stock exchange Corporation (Iran) – 29/11/2008
5. Malta Stock Exchange – 24/2/2010
6. MICEX Group (Russia) – 15/9/2010
7. RTS Stock Exchange (Russia) – 7-10-2010
8. Damascus Securities Exchange – 18/10/2010
9. Tel-Aviv Stock Exchange – 14/3/2011
10. Mongolian Stock Exchange – 30/3/2011
11. Qatar Exchange – 5/6/2011
12. Amman Stock Exchange (Jordan) – 6/9/2012
13. Two other European Exchanges – soon announcements will be made

Cross-Broader Transaction (Counterpart): No

Withholding Tax Treatment of Cross-Border Trading Transactions (Details): No

DVP Implementation (Yes/No): Yes

Settlement Period: T + 2

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Remarks