

Member's Profile

Organization Name: CYPRUS STOCK EXCHANGE

Country/ Region: CYPRUS

Name of CEO: Mr Nondas Cl. Metaxas

Capital (US\$): 21,046,465.17

Number of Officers and Employees: 79

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 – 2006 and the Cyprus Securities and Stock Exchange (Registration, Trading and Clearing of Dematerialised Securities) Regulations of 2001 – 2006 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:

1. Simplification of listing procedures and requirements – CSE has simplified the listing procedures and

requirements in order to facilitate the listing of shares and bonds. More specifically the CSE on the 5th of May 2014 has introduced the on – line application services for securities and bond Issuers.

2. Emerging Companies Market (ECM) – CSE had launched a new Non-Regulated Market (ECM) which is considered as a Multilateral Trading Facility under the Law 144(I)/2007. The Listing requirements for Emerging Companies Market, are very relaxed compared to those of regulated market.
3. Global Depository receipts (GDR's) – A depository Receipt is a type of negotiable (transferable) financial security that is traded on a local exchange but represents a security, usually in the form of equity that is issued by a foreign publicly listed company. The depository Receipt which is a physical certificate, allows investors to hold shares in equity of other countries. The CSE has prepared the legal framework for Depository Receipts which can be listed in both regulated and Non-regulated Market.
4. Officially Appointed Mechanism (OAM) – According to the transparency Directive, each home Member State shall ensure that there is at least one officially appointed mechanism (OAM) for the central storage of regulated information. This mechanism should comply with the minimum quality standards of security, certainty as to the information source, time recording and easy access by the end users. The CSE has been appointed by the Cyprus Securities and Exchange Commission as the OAM of Cyprus, so as from 22/10/2012 the CSE is receiving all announcements electronically.
5. Mutual Funds – Given the reform of the tax regime for funds in Cyprus, the CSE is promoting the listing - registration of funds on the CSE which has prepared and submitted a modification in its legislation in order to be fully aligned with the UCITS IV Directive as well as allowing the listing of funds at the CSE.
6. OTC Trades – CSE has recently introduced the Over the Counter Trades (OTC).
7. Target 2 – CSE on the 10/12/2012 has been connected to Target 2 in order to carry out the settlement of transactions in Central Bank Money.
8. ISO 15022 messages – The CSE will introduce ISO 15022 messages for settlement and corporate actions.
9. Dividend Payments: The CSE is already in the process of improving the procedure of Dividend.
10. Undertaking – Handling of Non-Listed Companies Registries by the Cyprus Central Depository and Central Registry (CSD): The Cyprus Stock Exchange has modified its legislation so as to allow the organisation to undertake and maintain in its CSD, the Registries of Non-Listed Companies.

This service offers to Issuers modern, efficient secure electronic services as major advantages to Law Firms and undertakings offering secretarial services.

11. Public Management Debt: The Ministry of Finance as Public Debt Manager assigned to the Cyprus Stock Exchange all relevant activities (excluding the execution of remittances and the issue of cheques) in relation to the Government Registered Development Stock (GRDS) and the Treasury Bills (T-Bills), which are listed or will be listed to the CSE.

Specifically, from August 2, 2010 the CSE undertook the following:

- The management of the bond holders' payment instructions, as defined by the general and special issue terms of the GRDS and T-Bills. In addition, the CSE will accept the amendment of the existing payment instructions and/or the registration of any new instructions. It is noted that the CSE will accept the amendments/additions in the payment instructions until the record date in relation to the payment of interest or the payment off of capital of

each GRDS or T-Bill.

- The calculation of the distribution of the interest coupon and the payment of capital at their expiry in relation to the listed GRDS and T-Bills, as well as the calculation of the cutting off of tax for the extraordinary contribution for defence. Then, the CSE will forward the final sums for the payment of the interest coupon or the payment of the capital to the General Accounts Department of the Republic.
- The obligation to safeguard by the GRDS and T-Bill holders completed questionnaires in relation to the declaration for exemption from the cutting off of the extraordinary contribution for defence for the defence from the interests and the verification that they meet the term “non-Cyprus resident”. Therefore, the CSE will send questionnaires to the GRDS and T-Bill holders once a year.
- The communication among the GRDS and T-Bill holders. Specifically, it will undertake the management of the returned cheques, the lost or cashed cheques, which are a product of interest payment or capital payment for the listed GRDS and T-Bills.

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) Law of 1996 as last amended in 2011.
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 the Clearing and Settlement of Transferable Securities Transactions in Book Entry Form (Regulatory Administrative Act 2009/2011).
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’s Manual (Regulatory Administrative Act 408/2006).
7. Regulatory Decision concerning the procedure of acceptance, the clearing and 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 96/208).
8. Regulatory Decision regarding the Undertaking and Keeping of Registries of Non-Listed securities (Regulatory Administrative Act 27/2012).

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\$): $44.070.932,81 + 323.172.314,70 = 367.243.247,51$

Percentage of Securities Immobilized/ Dematerialized: 100% Dematerialised

Market Capitalization/ Trading volume per annum (US\$): US\$3,023,693,662.52

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

Total Revenue = US\$5,573,654

Total Expenses = US\$9,163,859

Net Deficit = US\$3,590,205

As at 31/12/2013 the exchange rate was as follows: 1€=US\$1.3784

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

Cross-Broader Transaction (Counterpart): Not Applicable

Withholding Tax Treatment of Cross-Border Trading Transactions (Details): Not Applicable

DVP Implementation (Yes/No): Yes

Settlement Period: T + 3

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Remarks