

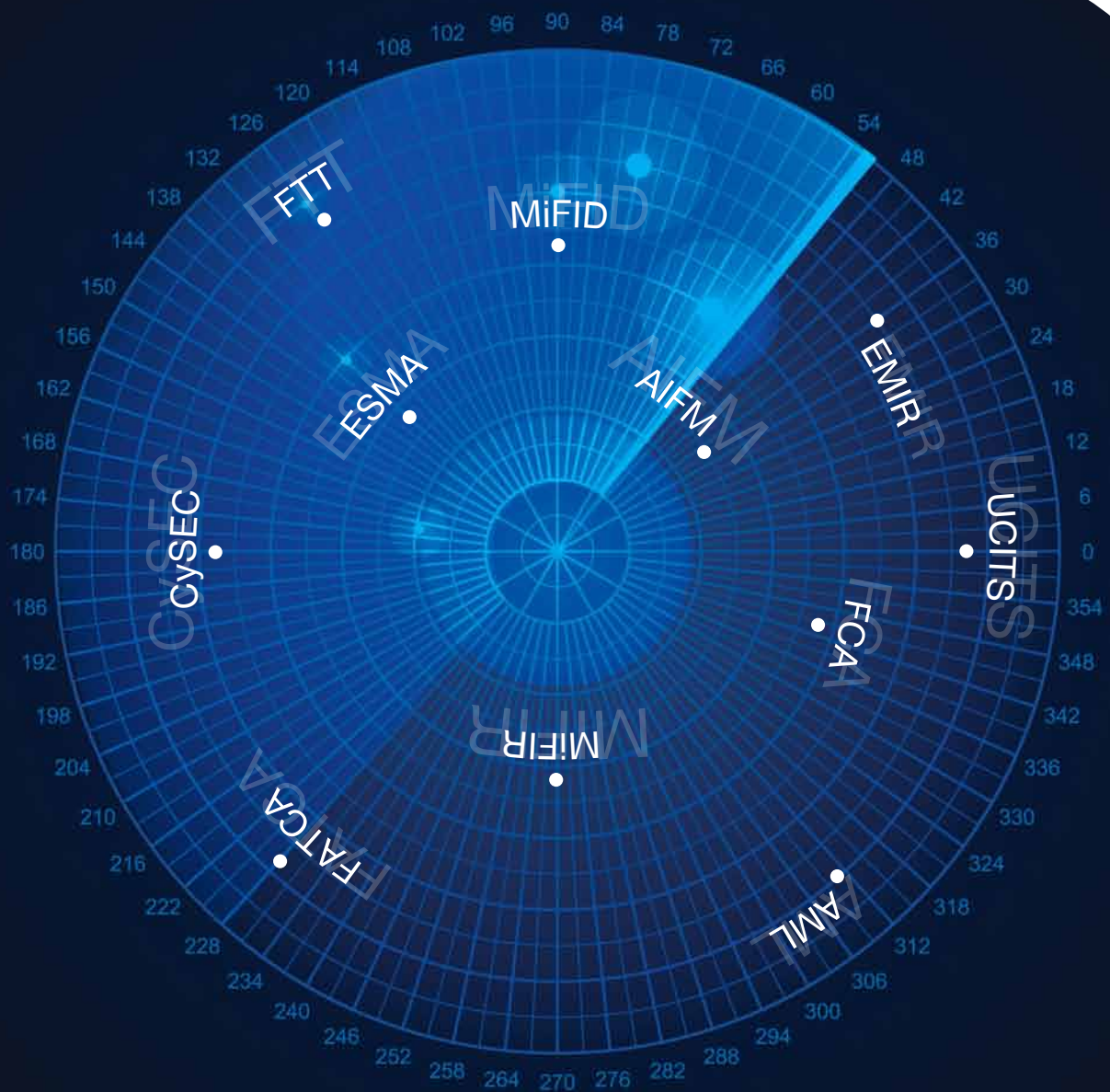


MAP S.Platis
Your Partner in Financial Services!

Issue 028 / June 2020

REGULATORY RADAR

Periodical round-up on major regulatory and legislative developments in the EU and Cypriot financial services sector





Index

Developments in the EU Financial Services Legislation Affecting Investment Firms	> 04
Anti-Money Laundering	> 12
EU Financial Transaction Tax (FTT)	> 13
FATCA & CRS	> 13
Fund Regulation	> 14
Packaged Retail and Insurance-based Investment Products (PRIIPs)	> 15
UK – Developments of Interest to Investment Firms	> 15
EU - Developments of interest to CFDs and Binary Options providers	> 16
CySEC Developments	> 17
Acronyms & Definitions used	> 28
Remarks/Disclaimer	> 29

60 Second Summary

1. Developments in the EU Financial Services Legislation Affecting Investment Firms

- **MiFID II**
 - ESMA continues to issue guidance in the form of questions and answers, frequently asked questions; opinions, reports and other publications as well as issuing market data and further consultations
 - ESMA issues a statement on MiFID conduct of business obligations during the Covid-19 pandemic
 - ESMA Issues a statement on best execution reports in the light of Covid-19
- **EMIR**
 - Mandatory margin requirements for non-cleared OTC derivatives were introduced on a staggered basis: variation margin is required except for physically-settled FX forwards; initial margin implementation phases is deferred by one year due to Covid-19
 - ESMA consults on central clearing solutions for pension scheme arrangements
- **SFTR**
 - Postponement of the reporting obligations due to Covid-19

2. Anti-Money Laundering Legislation

- FATF issues a paper on new money laundering and terrorist financing threats and vulnerabilities arising from the Covid-19 crisis
- FATF extends its assessment and follow-up deadlines in response to Covid-19

3. EU Financial Transaction Tax (FTT)

- Political decisions on FTT postponed until Brexit outcome is known

4. FATCA & CRS

- No update

5. Fund Regulation

- ESMA issued a public statement directed at fund managers concerning their obligations to publish yearly and half-yearly reports in the light of Covid-19
- ESMA published its final guidance on performance fees in investment funds

6. PRIIPS Regulation

- No material developments

7. UK - Developments of Interest to Investment Firms

- Brexit: following the UK's exit from the EU on 31 January 2020, an implementation period runs until 31 December 2020
- Covid-19: FCA delays or postpones activity that is not critical to protecting consumers and market integrity in the short-term due to Covid-19

8. EU - Developments of interest to CFDs and Binary Options providers

- ESMA will continue to monitor activities in relation to CFDs and binary options and other speculative products notwithstanding permanent restrictions in Member State

9. CySEC Developments

- Extension of reporting deadlines to CySEC in light of Covid-19 pandemic
- New Directive for the Authorisation for the provision of crowdfunding services in respect to transferable securities
- Consultation Paper on the enhancement of procedures regarding safeguarding of client funds held by CIFs

1. Developments in the EU Financial Services Legislation Affecting Investment Firms

I. MiFID II

The MiFID II legislation consists of an amending [MiFID II Directive](#) (MiFID II) and a new regulation [MiFIR](#) (the Markets in Financial Instruments Regulation = MiFIR) (together MiFID II).

ESMA's MiFID/MiFIR data

ESMA, in cooperation with national competent authorities (NCAs) in the European Economic Area, oversaw the launch of MiFID II and MiFIR on 3 January 2018. A key element in ensuring the new regime functions properly is ensuring the availability of data to market participants – firms and trading venues – and NCAs. This data is available on ESMA's [website](#) and is continuously updated.

ESMA issues transparency calculations for equity and equity-like instruments

By way of background, MiFID II/MiFIR introduced pre-trade and post-trade transparency requirements for equity and non-equity instruments. Pre-trade transparency requirements may be waived for transactions, whose size is above large-in-scale thresholds (LIS), and systematic internalisers (SIs) have pre-trade transparency obligations for instruments traded on a traded venue which are liquid and when dealing with orders up to the standard market size (SMS). The publication of post-trade information can be deferred for transactions whose size is above large-in-scale thresholds (LIS).

On 28 February 2020, ESMA made available the annual transparency calculations for equity and equity-like instruments. These calculations shall be applicable from 1 April 2020, until then the 2019 annual transparency calculations continue to apply.

Currently, there are 1,493 liquid shares and 788 liquid equity-like instruments other than shares, subject to MiFIDII/MiFIR transparency requirements.

The full list of assessed equity and equity-like instruments is on the ESMA website link above under “Financial Instruments Transparency System (FITRS) Database for equity and non-equity transparency calculation results”.

ESMA publishes the annual transparency calculation of LIS and SSTI thresholds for bonds

By way of background, MiFID II/MiFIR introduced pre-trade and post-trade transparency requirements for equity and non-equity instruments. For transactions whose size is above the relevant “large in scale” (LIS) thresholds and the “size specific to instrument” (SSTI) threshold, pre-trade transparency requirements may be waived and the publication of post-trade information can be deferred.

On 18 March 2019, ESMA published the annual calculation of the large in scale (LIS) and size specific to the instruments (SSTI) thresholds for bonds.

The transparency requirements based on the results of the annual calculations of the large in scale (LIS) and size specific to the instruments (SSTI) thresholds for bonds shall apply from **1 June 2019 until 31 May 2020**.

The results of the next annual calculations of the LIS and SSTI thresholds for bonds, was to have been published by 30 April 2020, and would have become applicable from 1 June 2020.

However, on 9 April 2020, ESMA published a [public statement](#), announcing that due to Covid-19, ESMA, in cooperation with the NCAs will postpone the publication of those calculations which include the liquidity assessment and the determination of the pre-trade and post-trade large in scale and size specific to the instrument thresholds from 30 April 2020 to 15 July 2020 and their application from 1 June 2020 to 15 September 2020. Until and including 14 September 2020 the transitional transparency calculations will continue to apply.

ESMA issues latest Double Volume Cap data

On 8 June 2020, ESMA updated its website (the ESMA website link is above under “Double volume cap mechanism data”) with the latest set of double volume cap (DVC) data.

By way of background, the double volume cap mechanism aims to limit so called “dark trading” in equities allowed under the reference price waiver and the negotiated transaction waiver. The DVC is calculated per instrument (ISIN) based on the rolling average of trading in that instrument over the last 12 months. The DVC data and calculations published cover the period of 1 May 2019 to 30 April 2020.

The number of new breaches is 64:52 equities for the 8% cap, applicable to all trading venues, and 12 equities for the 4% cap, that applies to individual trading venues. Trading under the waivers for all new instruments in breach of the DVC thresholds should be suspended from **11 June 2020 to 10 December 2020**. The instruments for which caps already existed from previous periods will continue to be suspended. As of 8 June 2020, there is a total of 337 instruments suspended.

ESMA makes available bond liquidity data

On 1 May 2020, ESMA made available the latest quarterly liquidity assessment for bonds available for trading on EU trading venues. For the Q1 2019 period, there are currently 987 liquid bonds subject to MiFID II transparency requirements. The increased number of liquid bonds is the result of a higher level of data completeness driven particularly by better data reporting by systematic internalisers. The full list of assessed bonds is available on the ESMA website through the “Financial Instruments Transparency System (FITRS)”.

By way of background, MiFID II introduced pre-trade and post-trade transparency requirements for equity and non-equity instruments, including for bonds. Post-trade, MiFID II requires real-time publication of the price and quantity of trades in liquid bonds. It is possible to defer the publication of post-trade reports if the instrument does not have a liquid market, or if the transaction size is above large-in-scale thresholds (LIS), or above a size specific to the instrument (SSTI). In order to assist market participants to know whether a bond should be considered as liquid or not, ESMA publishes these quarterly liquidity assessments for bonds.

The transparency requirements for bonds deemed liquid on 1 May 2020 will apply from **16 May 2020 November 2019 to 15 August 2020**.

ESMA updated plan for systematic internaliser regime calculation and publications and publication of data for systematic internaliser calculations for equity, equity-like instruments and bonds

By way of background, MiFID II and MiFIR stipulates that investment firms dealing on own account when executing client orders over the counter (OTC) on an organised, frequent, systematic and substantial basis are subject to the mandatory systematic internaliser (SI) regime. ESMA, upon request of market participants, decided to compute, on a voluntary and best effort basis, the total volume and number of transactions executed in the EU in order to help market participants in the performance of the SI test since that data is essential for the operation of the SI regime and is not otherwise easily available. ESMA was required to amend its action plan as it considered that data completeness for various non-equity asset classes has not yet reached adequate levels. ESMA therefore considers it premature to publish the SI calculations for non-equity instruments other than bonds at this stage.

On 30 April 2020, ESMA published the total number of trades and total volume over the period October 2019-March 2020 for the purpose of systematic internaliser calculations for 24,940 equity and equity-like instruments and for 316,894 bonds.

ESMA will publish the data for the performance of the systematic internaliser test for derivatives, exchange traded contracts (ETC) and exchange traded notes (ETN) by 1 August 2020 and the mandatory systematic internaliser regime for derivatives, ETCs and ETNs, will apply from 15 September 2020. Please refer to the ESMA website link above under “Data for the systemic internaliser calculations” for the current data.

Investor protection - ESMA provides guidance on the compliance function

On 5 June 2020, ESMA published the [final guidelines](#) on the MiFID II compliance function. These guidelines replace the ESMA guidelines on the same topic issued in 2012 and include updates that enhance clarity and foster greater convergence in the implementation, and supervision, of the new MiFID II compliance function requirements.

The guidelines provide additional clarifications on certain specific topics, such as new responsibilities in relation to MiFID II's product governance requirements, and detail further the reporting obligations of the compliance function.

The guidelines are addressed to investment firms and credit institutions providing investment services and activities, investment firms and credit institutions selling or advising clients in relation to structured deposits, UCITS management companies and external Alternative Investment Fund Managers (AIFMs) when providing investment services and activities in accordance with the UCITS Directive and the AIFMD.

The next steps are for the guidelines to be translated; the publication of the translations in all official languages of the EU will trigger a two-month period during which NCAs must notify ESMA whether they comply or intend to comply with the guidelines.

Investor protection - ESMA statement on conduct of business obligations

On 6 May 2020, ESMA issued a [Public Statement](#) on the risks for retail investors when trading under the highly

uncertain market circumstances due to the Covid-19 pandemic. ESMA reminded investment firms of the key conduct of business obligations under MiFID when providing services to retail investors.

Several National Competent Authorities (NCAs) have recently noticed a significant increase in retail clients' trading activity. The financial market turmoil following the Covid-19 pandemic has led to high market volatility and an increase in market, credit and liquidity risks. ESMA highlighted the risks to retail investors when trading under these unprecedented market circumstances.

In the current environment, ESMA believes that firms have even greater duties when providing investment or ancillary services to investors, especially when these investors are new to the market, or have limited investment knowledge or experience. ESMA therefore reminded firms of their obligation to act in accordance with the best interests of their clients, and points to the most relevant conduct of business obligations under MiFID II, namely product governance, information disclosure, suitability and appropriateness.

ESMA, in coordination with NCAs, will continue to monitor retail clients' involvement in the financial markets, and firms' compliance with the conduct of business requirements.

ESMA provides clarification for best execution reports

On 31 March 2020, ESMA issued a [Public Statement](#) to clarify issues regarding the publication by execution venues and firms of the general best execution reports required under RTS 27 and 28 of MiFID II, in light of the Covid-19 pandemic.

ESMA and competent authorities are aware of difficulties encountered by execution venues and firms in preparing these reports due to the Covid-19 pandemic and the related actions taken by the Member States to prevent contagion. In this regard, ESMA recommends that NCAs take into account these circumstances by considering the possibility that:

- execution venues unable to publish RTS 27 reports due by 31 March 2020 may only be able to publish them as soon as reasonably practicable after that date and no later than by the following reporting deadline (i.e. 30 June 2020); and
- firms may only be able to publish the RTS 28 reports due by 30 April 2020 on or before 30 June 2020.

In view of the exceptional circumstances, ESMA encourages national competent authorities not to prioritise supervisory action against execution venues and firms in respect of the deadlines of the general best execution reports for the periods referred to above. Furthermore, ESMA encourages competent authorities to generally apply a risk-based approach in the exercise of supervisory powers in their day-to-day enforcement of RTS 27 and 28 concerning these deadlines.

ESMA clarifies position on call taping under Covid-19

On 20 March 2020, ESMA issued a [Public Statement](#) to clarify issues regarding the application by firms of the MiFID II requirements on the recording of telephone conversations.

ESMA reminded firms of the MiFID II requirements in this area. ESMA also recognised that, considering the exceptional circumstances created by the COVID-19 outbreak, some scenarios may emerge where, notwithstanding steps taken by the firm, the recording of relevant conversations required by MiFID II may

not be practicable. If firms, under these exceptional scenarios, are unable to record voice communications, ESMA expects them to consider what alternative steps they could take to mitigate the risks related to the lack of recording.

Firms are expected to deploy all possible efforts to ensure that the above measures remain temporary and that recording of telephone conversations is restored as soon as possible.

ESMA sets out approach on MiFIR tick-size regime for systematic internalisers

On 20 March 2020, ESMA issued a [Public Statement](#) to ensure coordinated supervisory actions by national competent authorities (NCAs) on the application of the new tick-size regime for systematic internalisers under MiFIR and the Investment Firms Regulation. This approach is in response to developments related to the COVID-19 pandemic and the related actions taken by the EU Member States.

The statement recognises that changes to critical trading technology infrastructures in the current climate create additional operational risks for EU market participants and expects competent authorities not to prioritise their supervisory actions in relation to the new tick-size regime from 26 March, the application date, until 26 June 2020, and to generally apply their risk-based supervisory powers in their day-to-day enforcement of applicable legislation in this area in a proportionate manner.

ESMA updates to its Questions and Answers (Q&As)

Q&A on MiFIR data reporting

The [questions and answers \(Q&As\) documents on MiFIR data reporting](#) dated 6 December 2019 are the current Q&A.

Q&A on MiFID II and MiFIR transparency topics and market structures topics

On 29 May 2020, ESMA updated its Questions and Answers regarding [market structures](#) and [transparency issues](#). The Q&As provide clarification on the following topics:

- the default liquidity status, SSTI and LIS thresholds of non-equity instruments;
- the publication of transactions in an aggregated form;
- the conversion of LIS/SSTI thresholds in lots amending an existing ESMA Q&A; and
- multilateral systems facilitating the execution of repurchase agreement (repo) transactions.

Q&A on MiFID Investor Protection and Intermediaries

On 28 May 2020, ESMA updated its [Questions and Answers](#) on the implementation of investor protection topics. The Q&As includes a new answer on 'MiFID inducements' and provides clarification on the application of the MiFID definition of "acceptable minor non-monetary benefits".

II. MARKET ABUSE REGULATION

ESMA Q&As

The current version of the ESMA [Questions and Answers on the Market Abuse Regulation](#) is dated 29 March 2019.

The current version of the ESMA [Questions and Answers on the common operation of the Market Abuse Directive](#) is dated 1 April 2016.

III. EMIR

EMIR Refit

The [Regulation](#) amending the European Markets Infrastructure Regulation as regards the clearing obligation, the suspension of the clearing obligation, the reporting requirements, the risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty, the registration and supervision of trade repositories and the requirements for trade repositories (sometimes referred to as “EMIR 2.1” or “EMIR REFIT”) came into force on 17 June 2019. Not all the provisions will be immediately applicable: certain provisions became applicable on 18 December 2019, other provisions will become applicable from 18 June 2020 and 18 June 2021.

The Regulation to amend EMIR introduces simpler clearing rules, a new category of “small financial counterparties” which will be exempted from clearing obligations, reduced clearing obligations for non-financial counterparties, extending by a further two years the temporary exemption of pension scheme arrangements from the clearing obligation, and modifications to the reporting obligations.

As of June 18, 2020, financial counterparties (FCs) will be legally liable for the timely and accurate reporting of over-the-counter (OTC) derivatives contracts on behalf of both themselves and their non-financial counterparty minus (NFC-) clients.

ESMA consults on central clearing solutions for pension scheme arrangements

On 2 April 2020, ESMA published a consultation on potential central clearing solutions for pension scheme arrangements (PSAs) under the European Markets Infrastructure (EMIR).

The consultation paper sets out the issues PSAs face in clearing their contracts, studies the rationale for the use of derivatives by PSAs and explores the different solutions already envisaged to facilitate PSAs to centrally clear their over-the-counter trades.

The consultation aims to gather views and data on potential central clearing solutions for PSAs, and more specifically on solutions to facilitate PSAs discharging their variation margin requirements.

ESMA seeks detailed feedback on:

- the structure of PSAs’ portfolios and on the potential reduction of portfolios’ investment returns from increasing their cash holdings; and
- the solutions still being explored, such as relying on the ancillary services of collateral transformation of clearing members, a market-based repo solution or the access to alternative emergency liquidity arrangements.

EMIR Refit introduced a further extension of the exemption from the clearing obligation for PSAs, given the challenges that PSAs would face in providing cash for the variation margin calls related to their cleared derivative contracts. It also tasked ESMA with investigating whether CCPs, clearing members and PSAs have

developed viable technical solutions to facilitate PSAs participation in central clearing by posting cash and non-cash collateral as variation margins, including the implications of those solutions on market liquidity and procyclicality and their potential legal or other implications.

The consultation closed on 15 June 2020.

ESMA EMIR Q&As

On 28 May 2020, ESMA updated its [Questions and Answers](#) document on practical questions regarding data reporting issues, under EMIR.

The newly added Trade Repository (TR) Q&A 54 provides clarifications on reporting of OTC derivatives by a financial counterparty (FC) on behalf of a non-financial counterparty below clearing threshold (NFC-) under EMIR Refit. In particular, the TR Q&A 54 clarifies:

- What are the reportable details that the NFC- should provide to the FC;
- how the FC should proceed if the NFC- does not renew its LEI;
- how the FC should proceed if an NFC that has been classified as an NFC+ changes its status to NFC- and fails to timely inform the FC of this fact;
- how FC and NFC- should proceed if they report to two different trade repositories.

Margin requirements for non-centrally cleared derivatives – one year deferral of the two implementation phases

On 4 May 2020, the European Supervisory Authorities (EBA, EIOPA and ESMA – ESAs), in response to the COVID-19 outbreak published a [joint draft Regulatory Technical Standards](#) (RTS) to amend the Delegated Regulation on the risk mitigation techniques for non-centrally cleared OTC derivatives (bilateral margining), under EMIR, to incorporate a one-year deferral of the two implementation phases of the bilateral margining requirements.

The Basel Committee on Banking Supervision (BCBS) and the International Organisation of Securities Commissions (IOSCO) had announced on 3 April their agreement to defer by one year, the deadline for completing the final two implementation phases of the bilateral margin requirements, in order to provide additional operational capacity for counterparties to respond to the immediate impact of COVID-19. The ESAs draft RTS present the changes to the Delegated Regulation on bilateral margining to incorporate in the EU regulatory framework the one-year deferral agreed by the BCBS and IOSCO.

These changes would result in covered counterparties with an aggregate average notional amount of non-centrally cleared derivatives above €50 billion becoming subject to the requirement to exchange initial margin from 1 September 2021, while covered counterparties with an aggregate average notional amount of non-centrally cleared derivatives above €8 billion becoming subject to the requirement from 1 September 2022.

A first version of these draft RTS had been submitted to the Commission and published on the websites of the ESAs on 5 December 2019. This first version dealt with the treatment of physically settled FX forward and swap contracts, intragroup contracts, equity option contracts and the implementation of the initial margin

requirements. However, in response to the Covid-19 outbreak, the Final Report and the draft RTS have now been updated to take into account the agreement from the BCBS and IOSCO to defer by one year the deadline for completing the final two implementation phases of the bilateral margin requirements. This updated version of the Final Report on the draft RTS on bilateral margining thus replaces entirely the version submitted to the Commission in December 2019.

The ESAs have now submitted this second version of the draft RTS to the Commission for endorsement in the form of a Commission Delegated Regulation, i.e. a legally binding instrument applicable in all Member States of the European Union. Following the endorsement, they are then subject to non-objection by the European Parliament and the Council.

IV. Securities Financing Transactions Regulation (SFTR)

ESMA clarifies position on SFTR backloading

On 26 March 2020, ESMA issued a revised version of its 19 March [Public Statement](#) on coordinated supervisory actions on the application of SFTR.

The revised statement clarifies that SFTs concluded between 13 April 2020 and 13 July 2020 and SFTs subject to backloading under SFTR also fall within those issues in respect of which competent authorities are not expected to prioritise in their supervisory actions towards counterparties, entities responsible for reporting and investment firms in respect of their reporting obligations under SFTR or MiFIR and to generally apply their risk-based approach in the exercise of supervisory powers in their day-to-day enforcement of applicable legislation in this area in a proportionate manner.

ESMA updated its statement in response to feedback received from financial market participants and stakeholders.

ESMA continues to monitor closely the implementation by the relevant market participants as well as the impact of the relevant measures taken with regards to Covid-19 to ensure alignment of SFT reporting requirements and supervisory practices in the EU.

V. IT security - Outsourcing to Cloud Service Providers

ESMA consultation on Guidelines on outsourcing to Cloud Service Providers

On 3 June 2020, ESMA published a [consultation paper](#) on guidelines on outsourcing to cloud service providers.

The guidelines' purpose is to provide guidance on the outsourcing requirements applicable to financial market participants when they outsource to cloud service providers. In particular, the guidelines aim to help firms and

competent authorities identify, address and monitor the risks and challenges that arise from cloud outsourcing arrangements.

The proposed guidelines set out:

- The governance, documentation, oversight and monitoring mechanisms that firms should have in place;
- The assessment and due diligence which should be undertaken prior to outsourcing;
- The minimum elements that outsourcing and sub-outsourcing agreements should include;
- The exit strategies and the access and audit rights that should to be catered for;
- The notification to competent authorities; and
- The supervision by competent authorities.

The consultation is open until 1 September and seeks feedback from both national competent authorities and financial market participants that use cloud services provided by third parties.

2. Anti-Money Laundering

FATF – Covid-19-related Money Laundering and Terrorist Financing Risks

The Covid-19 pandemic has led to an increase in Covid-19-related crimes, including fraud, cybercrime, misdirection or exploitation of government funds or international financial assistance, which is creating new sources of proceeds for illicit actors. The Financial Action Task Force (FATF) has published a [paper](#) which identifies challenges, good practices and policy responses to new money laundering and terrorist financing threats and vulnerabilities arising from the COVID-19 crisis.

Covid-19 is impacting on the ability of government and the private sector to implement anti-money laundering and counter terrorist financing (AML/CFT) obligations in areas including supervision, regulation and policy reform, suspicious transaction reporting and international cooperation. This could lead to emerging risks and vulnerabilities that could result in criminals finding ways to:

- Bypass customer due diligence measures;
- Increase misuse of online financial services and virtual assets to move and conceal illicit funds;
- Exploit economic stimulus measures and insolvency schemes as a means for natural and legal persons to conceal and launder illicit proceeds;
- Increase use of the unregulated financial sector, creating additional opportunities for criminals to launder illicit funds;
- Misuse and misappropriation of domestic and international financial aid and emergency funding;
- Exploit Covid-19 and the associated economic downturn to move into new cash-intensive and high-liquidity lines of business in developing countries.

AML/CFT policy responses can help support the swift and effective implementation of measures to respond to Covid-19, while managing new risks and vulnerabilities. This paper provides examples of such responses, which include:

- Domestic coordination to assess the impact of Covid-19 on AML/CFT risks and systems;
- Strengthened communication with the private sector;
- Encouraging the full use of a risk-based approach to customer due diligence;
- Supporting electronic and digital payment options.

FATF extends its assessment and follow-up deadlines in response to Covid-19

The gravity of the Covid-19 situation globally and the consequent Covid-19 related measures that countries have adopted, such as confinement and travel restrictions, are making it impossible for assessed jurisdictions and assessors alike to conduct on-site visits and in-person meetings. This situation has significantly impacted countries' ability to actively participate in mutual evaluation and related follow-up processes.

The FATF Plenary acknowledges these severe challenges that countries face at this difficult time.

The FATF Plenary has therefore agreed to temporarily postpone all remaining FATF mutual evaluations and follow up deadlines.

Likewise, the FATF has decided on a general pause in the review process for the list of high-risk jurisdictions subject to a call for action and jurisdictions subject to increased monitoring, by granting jurisdictions an additional four months for deadlines. Thus, the FATF is not reviewing them in June. Mongolia and Iceland however requested not to extend their deadlines, and continue on their current schedule. In light of this request, and the limited number of their remaining action plan items, their follow-up deadlines have not been postponed and the FATF will issue updated statements on them in June. The FATF is closely monitoring the situation as it evolves and will review the deadlines where necessary.

Despite the decision to temporarily postpone the above-mentioned process deadlines due to the current force majeure situation, the FATF will not let up its efforts to fight money laundering, terrorist financing and proliferation financing, and will continue working with all jurisdictions in its global network to ensure an effective implementation of its standards. The FATF is actively monitoring the impact of the Covid-19 crisis on measures to combat illicit financing. It remains vigilant to the threats posed by criminals and terrorists who may seek to exploit this period to further their criminal objectives.

3. EU Financial Transaction Tax (FTT)

Political decisions on the FTT are being postponed until the EU's future relationship with the UK is settled. This does not mean the end of FTT negotiations, with technical meetings on scope and further implementation mechanisms still ongoing.

4. FATCA & CRS

There was no further public information since September 2016 on FATCA or CRS. Please refer to Issues [12](#) and [10](#) of MAP S.Platis Regulatory Radar for the latest information on FATCA and CRS, respectively

5. Fund Regulation

ESMA sets out supervisory expectations on publication of investment funds periodic reports

On 9 April 2020, ESMA issues a [public statement](#) directed at Fund Managers concerning their obligations to publish yearly and half-yearly reports.

The entities concerned are the following:

- UCITS management companies,
- self-managed UCITS investment companies,
- authorised AIFMs,
- non-EU AIFMs marketing AIFs pursuant to Article 42 of the AIFMD,
- EuVECA managers, and
- EuSEF managers

ESMA is aware that the confinement measures taken by Member States to prevent Covid-19 contagion present significant difficulties and challenges for Fund Managers and auditors in preparing their periodic reports for a publication within the regulatory deadlines. While recognising the importance of periodic reports for timely and transparent disclosure, ESMA is of the view that the burdens on Fund Managers associated with the Covid-19 outbreak should be taken into account by National Competent Authorities (NCAs) in a coordinated way. In the current situation, ESMA expects NCAs to adopt a risk-based approach and not prioritise supervisory actions against these market participants in respect of the upcoming reporting deadlines.

This public statement is without prejudice to obligations of Fund Managers stemming from national legislation and EU law.

ESMA publishes guidance on performance fees in UCITS and certain AIFs

On 3 April 2020, ESMA published its [final guidance](#) on performance fees in investment funds applicable to Undertakings for the Collective Investment in Transferable Securities (UCITS) and certain types of Alternative Investment Funds (AIFs).

The guidelines provide comprehensive guidance to fund managers when designing performance fee models for the funds they manage, including the assessment of the consistency between the performance fee model and the fund's investment objective, policy and strategy, particularly when the fund is managed in reference to a benchmark.

ESMA's guidelines aim at harmonising the way fund managers charge performance fees to retail investors, as well as the circumstances in which performance fees can be paid. The common requirements will allow convergence in how NCAs supervise performance fees models and disclosure across the European Union (EU). The guidelines are applicable to both UCITS and certain types of AIFs, in order to ensure a level playing field and a consistent level of protection to retail investors.

Ensuring greater supervisory convergence regarding performance fees in funds marketed to retail investors is an integral part of ESMA's broader efforts on the cost of retail investment products.

The Guidelines will now be translated into the official EU languages and subsequently published on ESMA's website. They will become applicable two months after the publication of the translations.

AIFMD and UCITS - ESMA Q&As

The current Q&A on the application of [AIFMD](#) is dated 4 December 2019 and of [UCITS](#) is dated 4 June 2019.

6. Packaged Retail and Insurance-based Investment Products (PRIIPs)

PRIIPs KID – ESAs Q&A

The current European Supervisory Authorities [Q&A](#) on the key information document (KID) requirements for Packaged Retail and Insurance-based Investment Products (PRIIPs) is dated 4 April 2019.

7. UK – Developments of Interest to Investment Firms

UK Financial Conduct Authority – Covid-19 - delayed activities and regulatory change

On 30 April 2020, the FCA announced it was reviewing its work plans to delay or postpone activity that is not critical to protecting consumers and market integrity in the short-term.

Delaying or postponing certain activities will allow firms to focus on supporting their customers during this difficult period. One of the immediate actions the FCA is taking is to extend the closing date for responses to open consultation papers and calls for input until 1 October 2020 and rescheduling most other planned work.

The FCA have also scaled back its programme of routine business interactions, especially through meetings so that it only contacts firms on business-critical requests and responses to the current situation.

The FCA will continue with a small number of regulatory changes that support consumers, particularly the most vulnerable, or where major long-term programmes would be disrupted.

UK Financial Conduct Authority – FCA expectations regarding funds in light of Covid-19

On 6 April 2020, updated its webpage on [FCA expectations regarding funds in light of coronavirus](#). The page now covers the following areas:

- Delaying annual and half-yearly fund reports
- Virtual general meetings
- Ensuring compliance with limits on value at risk (VaR)
- Electronic signatures
- MiFID -10% portfolio value reporting
- Repo use for liquidity management
- Client assets
- Paper-based and manual processes
- AIFMD transparency reporting

UK Financial Conduct Authority – Brexit implementation period

On 31 January 2020 the UK left the European Union (EU) and entered an implementation period, which is due to last until 31 December 2020. Firms and funds will continue to benefit from passporting between the UK and EEA. However, the FCA has cautioned firms not to expect the current passporting arrangements to continue after the transition period ends, to anticipate a range of possible scenarios for the end of the transition period, including that the activities conducted might not be covered by arrangements agreed between the UK and the EU, and to consider what action may be required to be ready for 1 January 2021.

During the implementation period, EU law will continue to apply. Consumer rights and protections derived from EU law will also remain in place.

8. EU - Developments of interest to CFDs and Binary Options providers

ESMA continues to monitor CFDs and binary options

In July 2019, ESMA announced that it would not renew the temporary restrictions on the marketing, distribution or sale of contracts for differences (31 July 2019) and of binary options (1 July 2019) to retail clients in the EU. However, ESMA will continue to monitor activities in relation to these and other related speculative products to determine whether any other EU-wide measures may be needed.

ESMA warning to CFD providers

On 12 July 2019, ESMA [published a statement](#) addressed to providers marketing, distributing or selling contracts for differences (CFDs) to retail clients. The statement is in response to various practices and situations observed in the market, which raise concerns of non-compliance with the legal requirements relating to some CFD providers are advertising to retail clients the possibility to become professional client on request and some third-country firms marketing CFDs that do not comply with ESMA's measures to protect retail clients in the European Union and some EU firms engaging in activities that are intended to circumvent product intervention measures, for example, some CFD providers established in the EU are marketing the possibility for retail clients to move their accounts to an intra-group third-country entity. The statement remains in force.

9. CySEC Developments

ESMA launches a Common Supervisory Approach with NCAs on MiFID II Suitability Rules

On 6 March 2020, through the issuance of [Circular C359](#), the CySEC informed regulated entities about ESMA's [announcement](#) dated 5 February 2020 regarding the 2020 Common Supervisory Approach (CSA) on MiFID II suitability requirements.

On the basis of the CSA, the CySEC is planning to conduct on-site visits and desk-based reviews on a sample of regulated entities that provide the investment services of investment advice and/or portfolio management. For this purpose, the following documents shall be considered by the CySEC:

- [Guidelines on certain aspects of MiFID II suitability requirements](#) (see also CySEC's [Circular C290](#))
- [MiFID II supervisory briefing on suitability](#) (see also CySEC's [Circular C311](#))

The relevant regulated entities are urged to consider the above in order to ensure their full compliance with the MiFID II suitability requirements.

CySEC's press release on the technological upgrade to enhance supervision

On 11 March 2020, the CySEC issued a [press release](#), outlining the actions that will be taken during the current year by the CySEC in order to promote the modernisation of its operations. Such upgrades include, but are not limited to:

- The expansion of CySEC's digital archives of corporate data to include also Alternative Investment Fund Managers
- The transfer, storage and processing of large volume of information (Big Data) on a cloud-based architecture, as well as the use of artificial intelligence.
- The development of a specialised system for the electronic submission of applications by new entities for authorisation.
- An assessment of the viability of using blockchain technology.
- The enrichment and modernization of the capital market regulatory framework.
- The application of the regulatory package governing sustainable investments.

In addition to the above, Ms Kalogerou stressed that investor protection is and will remain a top priority for the CySEC, with the ultimate aim of ensuring the Cyprus capital market's growth and progress.

ESAs Joint Opinion on the risks of money laundering and terrorist financing affecting the European Union's financial sector

On 17 March 2020, through the issuance of [Circular C361](#), the CySEC informed regulated entities of the

weaknesses identified by the European Supervisory Authorities (ESAs) in their second [Joint Opinion](#) published on 4 October 2019 on the risks of money laundering and terrorist financing affecting the EU's financial sector.

The ESAs identified weaknesses in the following areas:

- Transaction monitoring and suspicious transaction reporting and Customer risk assessment
- Divergences in the national transposition of the AML Directive
- The increasing use of new technologies and the rapid spread of virtual currencies

The ESAs have developed an [interactive tool](#) which gives EU citizens, financial and credit institutions, and competent authorities a snapshot of the aforementioned risks covered in the Joint Opinion.

The CySEC instructs that Regulated Entities duly take into account and consult the Joint Opinion as provided in paragraph 17 of CySEC's Directive for the prevention and suppression of money laundering and terrorist financing.

ASPs Quarterly Statistics (Form QST-ASP) – Revised Form

On 24 March 2020, through the issuance of [Circular C368](#), the CySEC informed ASPs of the publication of a new version of the ASP Quarterly Statistics Form, QST-ASP Version 3.

The Form must be completed and submitted to the CySEC by all ASPs that were authorised by 31 March 2020, irrespective of whether they have made use of their authorization.

The deadline for submission of the aforementioned form is 3:00 pm on 30 June 2020.

Management Companies and Self-Managed Funds Quarterly Statistics – Revised Form

On 24 March 2020, through the issuance of [Circular C369](#), the CySEC informed regulated entities of the publication of a new version of the Quarterly Statistics Form, QST-MC Version 8.

The Form must be completed and submitted to the CySEC by all Regulated Entities that were authorised by 31 March 2020, irrespective of whether they have made use of their authorization.

The deadline for submission of the aforementioned form is 3:00 pm on 30 June 2020.

Application of article 62(2) of the Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2007 (AML Law)

On 24 March 2020, through the issuance of [Circular C367](#), which replaces [Circular C157](#), the CySEC informed all interest parties about the application of article 62(2) of the AML Law in relation to the obligation for verification of the identity of customers/beneficial owners pursuant to.

Specifically, the CySEC pointed out that while the customer identification and due diligence procedures includes the identification of the customer/beneficial owner and the verification of such persons, the former occurs before the establishment of a business relationship, while the latter can occur either before or during the establishment of a business relationship.

Verification during the establishment of a business relationship should occur only in extraordinary cases and only in the case where the following conditions are met:

- if this is necessary so as not to interrupt the normal conduct of business, and
- where there is little risk of money laundering or terrorist financing occurring (“little risk” is defined in C367), and
- where the verification procedure is completed as soon as possible after the initial contact, and no longer than 15 days. In the case where the 15 days lapse and the customer has not verified his/her identity, then the Company must terminate the business relationship on the date of the deadline’s expiry and all deposited funds must be returned to the customer.

The above-mentioned procedures must be included in all Obligated Entities’ AML Manuals. Customers must be warned in due time of the above procedure, and their explicit consent must be received as before the establishment of the business relationship.

In the case of Administrative Service Providers (ASPs) the derogation of article 62(2) of the AML Law is not applicable

ASPs are obliged to always be in compliance with the provisions of article 62 of the AML Law. In those exceptional cases where an ASP intends to rely on article 62(2), it is under a strict obligation to justify its actions and to document the said justification as to the reasons why:

- the verification of the customer/beneficial owner before to the establishment of the business relationship would disrupt the normal conduct of its business, and
- the risk of money laundering or terrorist financing is little.

CIFs Payable Annual Fees for 2019 (Form 87-03-01) – Change of Deadline

On 30 of March 2020, through the issuance of [Circular C372](#), the CySEC informed CIFs that due to the impact of COVID-19, the submission deadline for the payable annual fees for 2019 (Form 87-03-01 including the extract from the audited financial statements and evidence of the annual fees payment to CySEC), has been extended to 31 July 2020.

New reporting deadlines for Monthly Prevention Statements, RBS-F, Quarterly Statistics and Annual Reports

On the 30 and 31 of March 2020, the CySEC, acknowledging the material impact of COVID-19, issued Circulars [C373](#) and [C371](#), amending Circulars [C363](#), [C364](#), [C365](#), and [C370](#), whereby a number of reporting obligation deadlines for the year 2020 were extended.

Please find below the new submission deadlines:

- Annual Compliance Function Report: 31 of July 2020 (CIFs)
- Annual Risk Management Report: 31 of July 2020 (CIFs)
- Annual Internal Audit Report: 31 of July 2020 (CIFs)
- Annual Anti-Money Laundering Compliance Officer Report: 30 June 2020 (ASPs, Fund Managers, CIFs)
- CRDIV COREP forms based on the Audited Financial Statements for the year 2019: 31 of July 2020 (CIFs)
- Form 144-14-11 (Prudential Supervision Information): 31 of August 2020 (CIFs)
- Quarterly Statistics Form: 31 of July 2020 (ASPs, Fund Managers, CIFs)
- RBSF Form: 30 of June 2020 (ASPs and CIFs)

The CySEC has also extended the submission deadlines for the Monthly Prevention Statement Forms for the months March, April, and May 2020 until the 15th of June 2020. The extension applies to CIFs, ASPs and Fund Managers.

ESMA's Public Statements regarding the application of MiFID II/MiFIR

On 6 of April 2020, through the issuance of [Circular C375](#), the CySEC informed CIFs about the Public Statements issued by ESMA clarifying the application of MiFID II/MiFIR amid the COVID-19 outbreak. The following topics are covered by the Public Statements:

- [Recording of telephone conversations](#), issued on 20 March 2020 - ESMA states that in case where the recording of relevant conversations may not be practicable due to the exceptional circumstances created by the COVID-19 outbreak, investment firms must adopt other alternative arrangements to ensure full compliance with the existing regulatory requirements.
- [Publication of reports by execution venues and firms as required under RTS 27 and 28](#), issued on 31 March 2020 - ESMA made the below recommendations:
 - execution venues unable to publish RTS 27 reports due by 31 March 2020 may only be able to publish them as soon as reasonably practicable after that date and no later than by the following reporting deadline (i.e. 30 June 2020); and
 - firms may only be able to publish the RTS 28 reports due by 30 April 2020 on or before 30 June 2020.
- [New tick size regime for systematic internalisers](#), issued on 20 March 2020 - ESMA expects competent authorities not to prioritise their supervisory actions in relation to the new tick-size regime introduced in MiFIR towards systematic internalisers, as of 26 March 2020 and until 26 June 2020, and to generally apply their risk-based supervisory powers in their day to-day enforcement of applicable legislation in this area in a proportionate manner.

CySEC confirms that it will follow the advice by ESMA as showcased above.

Statement by CySEC Chairwoman Demetra Kalogerou on supporting the market amid the COVID – 19 pandemic

On 6 April 2020, through the issuance of a [statement](#), the CySEC informed regulated entities of the actions that have been taken by the CySEC on behalf of regulated entities in order to ensure the smooth functioning of the market amid the COVID-19 pandemic. Further, through the statement, the CySEC Chairwoman urges supervised entities, investors and other stakeholders to stay updated through the dedicated section on CySEC's website which will be updated in light of any developments.

Suspension of redemption of UCITS and AIF units on 10 and 13 April 2020

On 7 April 2020, through the issuance of [Circular C376](#), the CySEC informed regulated entities that the redemption of UCITS and AIFs units was suspended on 10 and 13 April 2020.

Actions to be taken with regards to Funds Digital Record (FDR)

On 8 April 2020, through the issuance of [Circular C377](#) and following the issuance of [Circular C348](#), the CySEC reminded Alternative Investment Fund Managers (AIFMs), Sub-threshold AIFMs and UCITS Management Companies, of the implementation of the FDR and informed them of the actions that they should take with regards to this matter.

In relation to the first implementation of the FDR, AIFMs, Sub-threshold AIFMs and UCITS Management Companies should submit to the CySEC by the end of July, a letter confirming that the data submitted via the FDR is complete, accurate and up to date.

ESMA Guidelines on stress test scenarios under the MMF Regulation

On 8 April 2020, through the issuance of [Circular C378](#), the CySEC informed AIFMs and UCITS Management Companies that ESMA had issued on 20 March 2020 the official translations in all EU official languages (including in the Greek language), of its Guidelines on stress test scenarios under the MMF Regulation with reference number ESMA34-49-172.

The above-mentioned Guidelines apply to the national competent authorities, money market funds and managers of money market funds as defined in the [MMF Regulation](#). Their purpose is to ensure common and consistent application of the provisions in article 28 of the MMF Regulation.

The Guidelines will apply two months after 20 March 2020 and CySEC urges that entities to whom the Guidelines apply to make every effort to comply.

Population data collection by the European Banking Authority (EBA) regarding the new prudential framework for investment firms

On 8 April 2020, through the issuance of [Circular C379](#), the CySEC ordered all CIFs to complete and submit a population template to the CySEC, in order to enable them to submit to the EBA a few core data points on the whole population of CIFs.

The purpose of the template is to allow the EBA to develop an impact assessment on the new reporting requirements that shall be imposed with the launch of Regulation (EU) 2019/2033 and Directive (EU) 2019/2014 which will come into force on 26 June 2021.

All CIFs should complete and submit the above mentioned template the latest by 15 May 2020.

ESMA's Public Statement regarding the deadlines for the publication of periodic reports by fund managers – Other reporting obligations

On 14 April 2020, through the issuance of [Circular C380](#), the CySEC informed regulated entities of a [Public Statement](#) issued by ESMA in relation to the impact of COVID-19 on the deadlines for the publication of periodic reports by fund managers.

According to the Public Statement, ESMA expects NCA's, where possible and in accordance with national rules, not to prioritise supervisory actions against market participants in respect to the upcoming deadlines set out in the UCITS Directive, the AIFMD, the EuSEF and EuVECA Regulations regarding:

- Annual reports referring to a year-end occurring on or after 31 December 2019, but before 1 April 2020, for a period of two months following the relevant deadline;
- Annual reports referring to a year-end occurring on or after 1 April 2020 but before 1 May for a period of one month following the relevant deadline; and
- Half-yearly reports of UCITS referring to a reporting period ending on or after 31 January 2020 but before 1 April 2020 for a period of one month following the deadline set out in the UCITS Directive,

The CySEC confirmed through C380 that it will follow the recommendation of ESMA as stated above.

Furthermore, the CySEC does not intend on prioritising supervisory actions against the following entities in respect of the upcoming deadlines set out in the National legal framework:

- UCITS Management Companies, in respect of the upcoming deadlines set out in the UCI Law regarding:
 - o the availability and the submission of quarterly reports of UCITS (1st and 2nd quarter of 2020);
 - o yearly reports referring to the reporting periods ending on 31 December 2019 for a period of three months following the deadline set out in the UCI Law;
 - o half-yearly reports referring to the reporting periods ending on 30 June 2020 for a period of one month following the deadline set out in the UCI Law;

- AIFMs and Sub-Threshold AIFMs in respect of the upcoming deadlines set out in the AIF Law regarding half-yearly reports referring to the reporting periods ending on 30 June 2020 for a period of one month following the deadline set out in the AIF Law.

Pillar III Disclosures in light of COVID-19

On 14 April 2020, through the issuance of [Circular C381](#) and in accordance with Circular C373, the CySEC informed CIFs about the new publication deadlines of the Pillar III Disclosures for the year 2019 and the submission deadline of the External Auditors' verification report for the year 2019. As a result, for the year endings on 31st December 2019, the CySEC shall not prioritise its supervisory actions for the publication of Pillar III Disclosures as of 01/05/2020 – 31/07/2020, and for the External Auditor's verification report as of 01/06/2020 -31/08/2020.

Moreover and where CIFs anticipate that the publication of their Pillar III Disclosures will be delayed, they should inform the market participants for that delay, the reasons of delay and, to the extent possible, their estimated publication date.

Announcement pertaining to the extension of deadlines for certain reporting obligations of the members of the Investors' Compensation Fund (ICF)

On 15 April 2020, through the issuance of the above-mentioned [announcement](#), the ICF informed its' members of the amendments made to [Directive DI87-07](#) which governs the operations of the ICF.

Further, for the current year, the CySEC has decided to postpone for two months the following reporting obligations which the ICFs' members are subject to under the aforementioned Directive:

- Submission of the Statement of Eligible Funds and Financial Instruments of covered clients by 10 May 2020 (without the audit report of the external auditor - unaudited) and by 10 July 2020 (with the audit report - audited).
- Members of the ICF shall inform its members of the amount of the annual contribution due by 10 August 2020.
- The annual contribution must be paid by 10 October 2020. In the case where a member pays the amount due by 10 September 2020, a discount of 80% is provided.
- The amount of the annual administrative fee will be notified in writing to the members of the ICF by 10 August 2020. The amount is due to be paid by 10 September 2020 based on the aforementioned submitted audited statement (point 1 above).

Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse (SFTR) – reporting obligation related to securities financing transactions (SFTs)

On 16 April 2020, through the issuance of [Circular C382](#), following the publication of Circulars [C366](#) and [C346](#) regarding the SFTR, the CySEC advised regulated entities to take all necessary actions, during the period of

postponement of reporting, in order to ensure that they will establish, implement and maintain the necessary policies and procedures, including completion of the technical set up that will enable them to implement the SFTR's reporting requirements, by the reporting start date.

The SFTR reporting start dates are as follows:

- 13 July 2020 (extended from 11 April 2020) for credit institutions, investment firms and relevant third-country entities.
- 11 July 2020 for CCPs, CSDs and relevant third-country entities.
- 11 October 2020 for other financial counterparties including, insurance companies, funds (e.g. UCITS MC, AIFMs etc.), IORP and relevant third-country entities.
- 11 January 2021 for non-financial counterparties (NFCs).

Further, the CySEC requested that CIFs submit information on the impact of SFTR on the Cyprus market by 29 May 2020.

You can find more information on SFTR on our [website](#).

ESMA Public Statement - Accounting implications of the COVID-19 outbreak on the calculation of expected credit losses in accordance with IFRS 9

On 16 April 2020, through the issuance of [Circular C383](#), the CySEC informed issuers, whose securities are admitted to trading on the Cyprus Stock Exchange or on other regulated markets, of the issuance of ESMA's [Public Statement](#) (ESMA 32-63-951) for the promotion of the consistent application of International Financial Reporting Standards in the European Union.

The CySEC recommends that all issuers and auditors take the above-mentioned Public Statement into consideration.

Authorization of the Provision of Crowdfunding Services in Respect of Transferable Securities

On 16 April 2020, the CySEC, through the issuance of an [announcement](#), and further to the [Directive DI87-10](#), informed interested parties that it has made available the application Form ([Form 87-00-27](#)) for the authorization of the provision of Crowdfunding services in respect of transferable securities.

CySEC announces suspension of Certification Exams

On 28 April 2020, the CySEC, through the issuance of an [announcement](#), and further to its [announcement](#) dated 24 March 2020, informed regulated entities that the certification exams have been further postponed until 31 May 2020.

Candidates, who had registered to take the exam between 13 March 2020 and 31 May 2020, will be informed via email about their new exam date. Barring any unforeseen circumstances, the exams will be rescheduled for June.

Publication in the Official Journal of the Republic of a new Regulatory Administrative Act

On 29 April 2020, a new [regulatory administrative act](#) was published in the Official Journal of the Republic entitled “Directive of CySEC on the extraordinary measures of the suspension of obligations in relation to the financial statements of financial entities”. Its purpose is to allow the implementation of a period for suspension of obligations of financial entities, due to emergency measures, in relation to the preparation submission and publications of their financial statements.

Announcement in relation to the extension of the deadline for the submission of the liquidity buffer confirmation of deposit of funds to be used for a potential extraordinary contribution

On 30 April 2020, through the issuance of the above-mentioned [announcement](#), the Investors Compensation Fund (ICF) informed its’ members that for the current year, an extension of two months will be given for the submission of the liquidity buffer confirmation, i.e. from 15 -20 May 2020, to 15-20 July 2020.

According to the [ICF Directive](#), members must always keep funds available in a separate account, in the name of the company, in the potential event of an extraordinary supplementary contribution. The amount of cash deposits should not be less than three per thousand (3 ‰) of the relevant amount as identified in the audited Statement of Eligible Funds and Financial Instruments that the members of the Fund will submit, for this year, until 10 July 2020.

ESAs Joint Guidelines on Cooperation and Information Exchange between the Supervisory Authorities of Credit and Financial Institutions - “The AML / CFT Colleges Guidelines”

On 30 April 2020, through the issuance of [Circular C384](#), the CySEC informed Regulated Entities that the European Supervisory Authorities (ESAs) issued ‘The AML/CFT Colleges Guidelines’ (hereinafter, the “Guidelines”). The Guidelines have applied since 10 January 2020.

The Guidelines cover the following areas:

- the mapping of firms;
- the conditions for establishing and maintaining an AML/CFT college;
- cooperation between AML/CFT colleges and prudential supervisors;
- the composition of AML/CFT colleges; and
- procedural issues related to college meetings, such as written cooperation and information-sharing agreements, procedures for requesting and providing mutual assistance, a common approach and other related aspects.

The CySEC recommends that Regulated Entities duly take into account and read the aforementioned Guidelines which are available in both English and Greek.

Consultation Paper on the enhancement of procedures regarding safeguarding of client funds held by CIFs (CP 2020-01)

On 4 May 2020, the CySEC issued the above mentioned [Consultation Paper](#) to propose the enhancement of procedures regarding the safeguarding of client funds held by CIFs. The proposed circular which is attached to the consultation paper as Appendix 1, is addressed to all CIFs that are permitted to hold client funds for the provision of investment services. The consultation paper specifically deals with the requirement for holding separate clients' account under Directive DI87-01.

Any responses to the consultation paper were to be submitted to the CySEC by 18 May 2020.

ESMA extends the registrations of four trade repositories (TRs) to include securities financing transactions (SFT) reporting under the Regulation (EU) 2015/2365 (SFTR)

On 8 May 2020, through the issuance of [Circular C385](#), the CySEC informed Regulated Entities of the publication of ESMA's [Press Release](#) dated 7 May 2020. Through the Press Release ESMA approved the extension of registration under the SFTR of the following trade repositories:

- DTCC Derivatives Repository plc
- Krajowy Depozyt Papierów Wartościowych S.A.
- REGIS-TR S.A.
- UnaVista TRADEcho B.V.

ESMA's Public Statement regarding the conduct of business obligations under MiFID II

On 11 May 2020, through the issuance of [Circular C386](#), the CySEC informed CIFs that ESMA has issued a [Public Statement](#) in relation to the conduct of business obligations under MiFID II.

These obligations covered under the Public Statement are:

- suitability and appropriateness assessment;
- information disclosure;
- product governance.

The CySEC requests that CIFs review their policies and arrangements that are currently in place and ensure that they are fully compliant with the obligations and related organisational requirements that arise under MiFID II.

CySEC announcement on the fast-track examination scheme

On 15 May 2020, the CySEC issued an [announcement](#) updating interested parties, whose application has not been assigned and are under investigation, about the fast-track examination scheme that was introduced on 2 November 2015.

On the scheme procedure to be followed, the CySEC notes that:

- In order to participate in the scheme, the fast-track examination fee of €25.000 (twenty-five thousand euros) is applicable. Interested parties must not pay any fee at the point of notification of their interest. The fee becomes payable once the CySEC contacts the applicants and confirms their interest in participating in the scheme.
- All interest entities need to submit their interest via email at cignatiou@cysec.goc.cy
- The CySEC will operate on a first-come first-serve basis
- The applications of participants in the scheme will be examined by CySEC personnel during non-working hours

An indicative time-frame of the examination of the above-mentioned applications is made available to applicants through the relevant announcement.

CySEC's warning regarding individuals impersonating CySEC representatives

On 18 May 2020, the CySEC through an [announcement](#) warned regulated entities against individuals who claim to be CySEC officers or appointed representatives who are soliciting investors for fees in exchange for settlement of bogus compensation claims related to the conduct of the business of CIFs.

CySEC also reminds the public that it never sends unsolicited correspondence to investors or members of the public, nor does it ever request any personal data, financial or otherwise. The CySEC has no authority or jurisdiction to collect fees for any purpose from individual investors, nor does it have authority to appoint anyone to do so, on its behalf. The CySEC does not authorise, verify, monitor, or is in any way involved in class actions, compensation schemes, payments between natural or legal entities or any public or private agency.

Relevant parties are encouraged to contact CySEC at info@cysec.gov.cy before taking any actions, if they are unsure about the authenticity of any communications.

ESMA Guidelines (ESMA70-151-2906) on standardised procedures and messaging protocols under article 6(2) of Regulation (EU) 909/2014 on improving securities settlement in the European Union and on central securities depositories

On 21 May 2020, through the issuance of [Circular C387](#), the CySEC informed CIFs that ESMA published, on 6 April 2020, [Guidelines](#) on the standardised procedures and messaging protocols, which are addressed both to investment firms as well as competent authorities.

The aforementioned Guidelines aim to clarify the scope of the requirements contained in article 6(2) of Regulation (EU) 909/2014 and provide guidance on the standardised procedures and messaging standards used for the purposes of compliance with such requirements. The CySEC adopts these Guidelines by incorporating them into its supervisory practices. The Guidelines will apply from 13 September 2020.

Acronyms & Definitions used

AIF	Alternative Investment Fund under Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers
AIFLNPs	Alternative Investment Funds of Limited Number of Persons
AIFMs	Alternative Investment Fund Manager
AMF	Autorite des Marches Financiers
ASPs	Administrative Service Providers
CBC	Central Bank of Cyprus
CDS	Credit Default Swap
CFD	Contracts for Difference
CIF	Cyprus Investment Firm
Commission	European Commission
CP	Consultation Paper
CySEC	Cyprus Securities and Exchange Commission
EMIR	European Market Infrastructures Regulation – Regulation (EU) 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories
EBA	European Banking Authority
ESAs	Joint Committee of the European Supervisory Authorities (EBA, ESMA, EIOPA)
ESMA	European Securities and Markets Authority
ETD	Exchange-Traded Derivative
EU	European Union
FCA	UK Financial Conduct Authority
FTT	Financial Transaction Tax
FX	Foreign Exchange
ICF	Investors Compensation Fund
IRS	Interest Rate Swap
ITS	Implementing Technical Standards
LIBOR	London Inter bank Offered Rate
MAD	Directive no.2014/57/EU of the European Parliament and of the Council on criminal sanctions for market abuse
MAR	Regulation no. 596/2014 of the European Parliament and of the Council on insider dealing and market manipulation (market abuse)
MiFID	Markets in Financial Instruments Directive – Directive 2004/39/EC of the European Parliament and the Council
MiFID II	Directive no. 2014/65/EU of the European Parliament and of the Council on markets in financial instruments repealing Directive 2004/39/EC of the European Parliament and of the Council (compromise reached, number to be assigned)
MiFIR	Regulation no. 600/2014 of the European Parliament and of the Council on markets in financial instruments and amending Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories [EMIR]
MMF	Money Market Fund
NDF	Non-deliverable forwards
Official Journal	The Official Journal of the European Union

OTC	Over-the-Counter
Q&As	Questions and Answers
PRIIPS	Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products
RTS	Regulatory Technical Standards
SFT	Securities Financing Transaction
TA	Technical Advice
UCITS	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS)
UCITS MCs	UCITS Management Companies
UCITS V	Directive of the European Parliament and of the Council amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards depositary functions, remuneration policies and sanctions

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