

A regional centre for funds

CySEC is driving higher standards in the financial sector

By **Staff Reporter**

The Cyprus Securities and Exchange Commission (CySEC) is at the forefront of efforts to establish Cyprus as a regional hub for investment funds. This also means a lot more work for the supervisor. In an interview with the Cyprus Weekly, CySEC Chairwoman Demetra Kalogerou explained the organisation's aims and its focus on protecting investors.

CySEC now supervises over 550 entities: 210 Cyprus Investment Funds (CIFs), 155 Administrative Service Providers (ASPs), 89 issuers on the Cyprus Stock Exchange, 11 issuers on other regulated markets, 32 Alternative Investment Funds (AIFs), 11 AIF Managers, 4 Cypriot Undertakings for Collective Investment in Transferable Securities (UCITS), 39 foreign UCITS and 1 UCITS management company.

"These numbers are expected to increase further," said Kalogerou, as there are currently another 145 applications in the pipeline.

UCITS are generally for ordinary retail investors, while AIFs "target sophisticated and institutional investors and make alternative investments, such as real estate, shipping, minerals etc", Kalogerou explained.

Alternative for finance

The CySEC Chairwoman is a strong believer in the future of the Cyprus fund industry as an alternative for financing.

'CySEC takes its duty to respond to other regulators' requests extremely seriously'



DEMETRA Kalogerou, Chairwoman of the Cyprus Securities and Exchange Commission (CySEC)

"A comprehensive legal framework for collective investments along with other advantages of the Cyprus economy have created new opportunities and potential for Cyprus' emerging funds industry," she said.

"Collective investments and especially UCITS can constitute a major alternative source of financing and capital from Cyprus and abroad, especially in times where the banking system is unable to finance the economy."

Kalogerou vowed that CySEC "will press ahead with its aspiration to establish Cyprus as a regional fund jurisdiction".

Close control

Becoming a regional hub also means a lot of work

to shake off a bad reputation acquired in the 1990s that still hung over Cyprus in the run-up to the financial crisis in 2013. To this end, CySEC has turned its attention, among other things, to binary options trading.

"The increasing proliferation of these products observed in previous years led CySEC, following consultation with the European Commission, to classify financial binary options as a Financial Instrument under MiFID," she said, referring to the EU's Markets in Financial Instruments Directive.

Binary options traders (some of which feature prominently in CySEC's fines) can now only be offered by licensed entities.

CySEC "in effect granted heightened protection to investors choosing to invest in this product," Kalogerou said.

CySEC imposed fines amounting to €8.3 million in 2014 and since August 2015 has imposed €2.4 million on CIFs as part of the new Risk Based Supervision Framework (RBSF), designed and built by CySEC.

"Through the use of RBSF, CySEC aims to substantially improve its supervisory practice by focusing on entities and areas that pose the major risks and/or have the biggest impact," said Kalogerou.

It is also heavily focused on responding requests from other regulators.

"CySEC takes its duty to respond to other regulators' requests extremely seriously and maintains a commitment to ensuring the MiFID passporting regime is one of the safest regulatory environments in which to do business," said Kalogerou.

Succeeding over challenges

Ancoria Bank: supporting the recovery of Cyprus' economy

By **Yiannis Loizou**

Cyprus' banking sector has been recovering steadily since the 2013 events, with the results being better than initially estimated and anticipated.

The process has been challenging: especially in restoring the public's confidence in the banks, as well as for Cyprus gaining the vote of confidence from foreign investors.

'The objective is to promote entrepreneurial spirit and ability in various sectors, which are important driving forces for a successful economy'

Nevertheless, Non-Performing Loans (NPLs) remain to be managed and Cyprus banks should maintain their resilience and follow a strict schedule to continuously improve their capital position.

Despite the challenges, the current situation is evidently more stable and promising; by applying the right policies and reforms, Cyprus has seen its credit rating upgraded and is attracting once again foreign investments.

In addition, the lifting of the capital controls, recapitalisation of the banking sector, positive results from the stress tests as well as gaining access to international capital markets have been significant milestones for the recovery of the sector and essential stepping stones towards economic growth.

Ancoria Bank, recognising the current challenges and those ahead, is prepared to contribute



ANCORIA CEO Yiannis Loizou says Cyprus banks must maintain a strict schedule to continuously improve their capital position

to the recovery of the banking sector and to offer its support in rebuilding Cyprus' future.

The objective is to promote entrepreneurial spirit and ability in various sectors, which are important driving forces for a successful economy.

The bank's vision is to be the most trusted and effective financial partner to its customers.

To earn this trust Ancoria Bank is redefining banking, by combining advanced technology with

a total commitment to building rewarding relationships and by delivering suitable products, effectively and efficiently.

The effort is to build on the grounds of innovation, transparency, commitment, honesty and integrity.

The writer is Chief Executive Officer of Ancoria Bank Ltd

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