



**«CYSEC CONSULTATION PAPER (CP-01-2021)
[CYPRUS FIDUCIARY ASSOCIATION]»**

To: Cyprus Securities and Exchange Commission (CySEC)

Cyprus Fiduciary Association

Nicosia, 1st July 2021

Introduction

The Cyprus Fiduciary Association (CYFA), established in 2011, is the representative body of regulated Administrative Service Providers (ASP's) in Cyprus. With a vision to assist in forming a solid international business sector in Cyprus operating on high professional standards, ethics and integrity, the Association aims to serve industry providers by promoting their interests, raising sector awareness, supporting their operations, contributing to new legislations, and delivering valuable training to professionals. The Association's commitment to its purpose has established it among the most reputable and recognized organizations within the country, before public and regulatory authorities, other associations, as well as the business community in Cyprus and overseas.

In relation to the **Consultation Paper (CP-01-2021) on regulating the service of promoters of application and other issues in relation to the Administrative Service Provides Law of 2021**, the Cyprus Fiduciary Association would like to provide the following comments:

Comments on Questions

Question 1: Do you have any comments on the proposed new definitions?

The Association does not have any further comments.

Question 2: Do you agree that a new administrative service should be added in the ASP Law as proposed above?

The Association agrees with the proposal. The new administrative service to be added in the ASP Law achieves the purpose of excluding persons which are not regulated by any regulatory body and have no legal obligation to comply with any rules, from acting as Promoters.

Question 3: Do you agree that rules on corporate governance need to be introduced for ASPs?

The Association agrees with the need to introduce corporate governance rules as this is the only way to ensure that the industry is moving towards the right direction and provide a solid platform for a more ethical and transparent jurisdiction.

At the same time, the Association would like to express the view that any rules on corporate governance should be introduced across all regulated entities that operate in the market and more specifically to both ASP's and Exempted Persons and should thus not be applicable only for ASP's authorized by CySEC. Furthermore, such a provision will also ensure that all unregulated promoters are forced out of the market.

Question 4: Do you agree that a Code of Conduct is necessary for promoters?

The Association is of the opinion that a Code of Conduct is necessary for promoters as this will again provide the way for a more ethical and transparent jurisdiction.

Simultaneously, it is equally important that any Code of Conduct should again apply for all regulated entities in the market and not only to CySEC licensed ASP's. The suggestion is for the same requirements to be introduced concurrently to both ASPs and Exempted Persons.

Question 5: Do you have any other comments?

It is noted that the purpose of the Consultation Paper is to propose the introduction of specific rules and obligations on promoters of applications. We view this as a positive step and agree that this will enhance the quality of applications submitted to CySEC as the services will only be provided by Obligated Entities subject to AML Law.

However, the concern is on the introduction of additional rules (Corporate Governance and Code of Conduct) applicable only to CySEC authorized entities and not applicable to Exempted Persons. Such additional requirements to a small section of the market participants would create an uneven playing field.

The suggestion is for the above said additional rules to apply to all market participants as the understanding is that, by including the said provisions within the ASP Law (Corporate Governance) and by the issuance of a CySEC Directive (Code of Conduct) the exempted persons will be exempted from all such obligations as they are exempted from the provisions of the ASP Law (Article 3(2) of the ASP Law).

In particular, the addition of the Corporate Governance rules within the ASP Law, if our understanding is correct, would be applicable to all ASPs whether they act as Promoters of Application or whether they provide all or any one Administrative Service of section 4 of the ASP Law. This immediately creates additional obligations for CySEC authorised ASPs whilst Exempted Persons will be able to continue to provide administrative services without having to follow any such additional requirements.

The Association would also like to state its willingness to participate in any other future discussions related to the above subject matter.

On behalf of the Cyprus Fiduciary Association



Christoforos Ioannou

General Manager