



***CYPRUS FINANCIAL SERVICES
FIRMS ASSOCIATION***

Annual Report
for the year ended on 31st December 2012



Members of the Board of Directors 2012

Anna Sofroniou		Chairman
Andreas Koufkis		Vice-chairman
Peter Economides		Vice-chairman
Marios Hadjiyiannakis	(7 March 2012)	Secretary General
Loizos Loizou	(7 March 2012)	Organizational Secretary
Michael Xiouros	(7 March 2012)	Treasurer
Charalambos Assiotis	(7 March 2012)	Member
Costas Toumpouris	(until 7 March 2012)	Member

Honorary President

Louis Clappas

Executive Secretary

Maria Miltiadou

Legal Advisors

L. Papaphilippou and Co

Auditors

KPMG Limited

Annual Report 2012

Introduction

During 2012, the Board of Directors of the Cyprus Financial Services Firms Association (CFSFA) continued to pursue an active role. Its contribution in shaping the institutional, legislative and operational framework in Cyprus was evidenced by the numerous consultation meetings in which it participated.

More specifically, the major events, activities or functions in which CFSFA had an active role or participation during 2012, are outlined below:

With the aim of providing useful information about its actions, activities and results during the year 2012, the Board of Directors of the Cyprus Financial Services Firms Association, publishes the Annual Report for the year ended on 31 December 2012.

The Annual Report is comprised of four basic parts:

The first part focuses on the Association's internal management and organisational framework as recorded in the directives and decisions of the meetings of the Board of Directors.

The second part includes a review of the goals set for the year 2012 as recorded in the decisions of the Board of Directors meetings.

The third part includes the objectives set for the year 2013.

The fourth part includes the following annexes:

- Permanent Steering Committees (Annex 1)
- Meetings of the Board of Directors (attendance list) (Annex 2)
- List of Members (Annex 3)
- Annual Balance Sheet and Income and Expenditure Statement for the year ended on 31 December 2012 (Annex 4) (Pdf-file)

1. Organization - Management

Part 1

1.1. Organizational Framework

The Cyprus Financial Services Firms Association (CFSFA) is governed by its Board of Directors, whose members are elected by member Investment Firms (IFs). CFSFA is a partner association of CIFA (Convention of Independent Financial Advisors).

During 2012, CFSFA employed one person on a full time basis, namely its Executive Secretary. The operations of CFSFA are divided into the following categories:

(a) Meetings of the Board of Directors

Between January 1st and December 31st 2012, six (6) Board meetings took place. An attendance list for the member of the Board of Directors is provided in Annex 2 of the present annual report.

(b) Representation in Committees

Officers of the Association, participate in the following committees:

- Administrative Committee of the Investors' Compensation Scheme, for Customers of CIFs and other IFs.
- Financial Ombudsman Board of Directors
- Administrative Committee for the Corporate Governance Code at the Cyprus Stock Exchange.
- Advisory Committee of the FTSE/CySE 20.

(c) Participation in meetings on a national and European Union level

24 February 2012: Meeting with Commissioner Semeta

Mr Semeta and his delegation, visited Cyprus and held a roundtable meeting with the Board of Directors. As he noted his services are looking into the taxation aspects of the Country Specific recommendations in the bounds of the European Semester and he stressed that the Commission does not want to harmonize taxation systems. Concerning the relocation of financial transactions, as a result of the FTT, Commissioner Semeta admitted that the best solution would be a global application of the tax. The Board of Directors noted that understands the need to have tax uniformity, but argued that the FTT will have a major adverse on the financial activities

1 March 2012: Meeting with the Minister of Finance.

The Minister of Finance, Mr. Kikis Kazamias accepted the request of our Association for a meeting with the Board of Directors in reference with the privatization of the Cyprus Stock Exchange. According to Mr Kazamias the legal framework will be ready by the end of 2012 and will be sent to the Association for consultation.

House of Representatives – Committee on Financial and Budgetary Affairs:

On 14 May 2012, the Committee held a meeting regarding the introduced Law regulating the Open-Ended Undertaking for Collective Investment (UCI) of 2012. The Association was invited, attended the meeting and put in writing its views. The Law 78(I)/2012 published in the Official Gazette on 15 June 2012.

Committee on Labour and Social Insurance:

On 24 September 2012, the Committee held a meeting regarding the introduced Directives re Provident Funds and Pension Funds. The Association was invited and attended the meeting.

Committee on Institutions, Merit and the Commissioner for Administration (Ombudsman):

On 11 December 2012, the Committee held a meeting regarding the financial crisis in Cyprus. The Association was invited. By decision of the Board of Directors the Association did not attend the meeting.

Cyprus Securities and Exchange Commission (CySEC):

Three meetings took place, on March 22, July 26 and on October 26, 2012 during which the following issues were discussed:

- **Changers and annual fees of Investment Firms:** The Association put down its negative position in reference with any changes in the existing pricing policy.
- **Omnibus accounts:** All IFs must know the beneficial owner of the account.
- **Margin accounts:** The legal framework for this kind of accounts will be ready soon for consultation.
- **Dormant accounts:** CySEC will sent an announcement to all Ifs.
- **Fiduciary Law:** Still pending.
- **“Closed period” in accordance with the term “close association”/** Both CySEC and CSE will re-examine the issue.

The Board of Directors also held ceremonial meeting with the Athens Exchange, on April 6 2012, the Association of Cyprus Banks, on March 22 2012 and the Cyprus Chamber of Commerce and Industry, on April 5 2012.

(d) Significant Correspondence:

Through a letter sent to the Committee of Financial and Budgetary Affairs, the Association put down its views, on the proposal of the Ministry of Finance re the UCITS Law.

The Association also sent its negative position to CSE, in reference with a proposal by CSE for tax enforcement to securities transfers from CSE to ASE.

Through a letter to the Chairman of the Parliamentary Committee on Labour and Social Insurance, Mr Andreas Fakontis, the Board of Directors requested its representation before the Committee during the discussion of the introduced Directives re Provident Funds and Pension Funds.

(e) Circulars

In 2012, eight Circulars were distributed to all Members of the Association, covering the following subjects:

- Meeting with the Minister of Finance
- Annual General Meeting
- Annual General Meeting
- OTC Binary Options
- Annual General Meeting –Nominations
- Briefing on the Associations activities
- The Association’s new Board of Directors
- The Financial Ombudsman of the Republic of Cyprus

Three Circulars were forwarded during 2012 to the Members of the Cyprus and Athens Stock Exchanges, covering the following subjects:

- Annual fee for ODL
- Exemption from special contribution
- New fees from CSE re transfers to ASE

1.2 Management

In the course of the year 2012, the following articles of the Articles of Association were activated:

<p>Article 11 Any Member can submit its resignation ... The Board does not have the right to refuse the resignation.</p>	<p>This provision was activated in the case of Fenway Services Ltd (01/01/2012)</p>
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A list of the Members of the Association for the year ended on 31 December 2012 is provided in Annex 3 of the Annual Report.

2. *Review of the goals set for the year 2012*

Part 2

2.1 **Promotion and support of the Members interests**

Accomplished through the participation of the Board of Directors in meetings at a national and European Union level, as well as through the submission of reports, petitions and memorandums before the Ministry of Finance, the House of Representatives, the Cyprus Securities and Exchange Commission, the Cyprus Stock Exchange, the Athens Exchange, the Hellenic Capital Market Commission, and other Authorities.

3. *Plan of actions for the year 2013*

Part 3

3.1 Promotion and support of the Members interests

The Board of Directors will continue all actions needed to accomplish its target of promoting its Members' interests. The main aim of the Board of Directors remains the frequent and close cooperation between the Association and the regulatory authorities in Cyprus and abroad. Furthermore, the Board of Directors places great importance to the continuous upgrading of its internal organisation in order to be able to deal in a timely fashion, effectively and efficiently, with its increasing responsibilities for the Members of the Association.

Permanent Steering Committees

In order to best serve the needs of its Members and operate efficiently and proactively, the Association has established the following permanent internal Advisory Committees.

1. **Committee for Legal Affairs**

During 2012, the Committee examined two proposed bills issued by the Ministry of Finance and the Cyprus Securities and Exchange Commission.

*Meetings of the Board of Directors**Attendance List*

Between January 2012 and December 2012, six (6) meetings of the Board of Directors took place.

Please note that Mr. Costas Toumouris withdrew from the Board of Directors on 7th March 2012. Also please note that two of the meetings took place before the Annual General of 2012.

Attendance to the meetings was as follows:

Anna Sofroniou	(Chairman)	6
Andreas Koufkis	(Vice-Chairman)	6
Peter Economides	(Vice-Chairman)	4
Marios Hadjiyiannakis	(Secretary General)	3
Michael Xiouros	(Treasurer)	3
Loizos Loizou	(Organisational Secretary)	3
Charalambos Assiotis	(Member)	4
Costas Toumpouris	(Member)	2

List of Members for the year ended on 31 December 2012 (alphabetical)

1. Alfa Capital Holdings (Cyprus) Limited
2. Alpha Finance A.E.Π.E.Y.
3. Argus Stockbrokers Limited
4. Atlantic Securities Limited
5. Atlas Capital Financial Services Ltd
6. Cooperative Central Bank Ltd
7. EFG Eurobank Χρηματοπιστηριακή Α.Ε.Π.Ε.Υ.
8. FXPRO Financial Services Ltd
9. Global Capital Securities & Financial Services Ltd
10. Hellenic Bank (Investments) Ltd
11. IronForex Limited
12. Marfin CLR (Financial Services Ltd)
13. Mega-Equity Securities and Financial Services Ltd
14. P.I.Provident Investments Ltd
15. Prochoice Chrimatistiriaki Ltd
16. Renaissance Securities (Cyprus) Limited
17. Reserve Invest (Cyprus) Ltd
18. Sharelink Securities and Financial Services Ltd
19. The Cyprus Investment and Securities Corporation Limited
20. WS Financial and Investment Services Limited