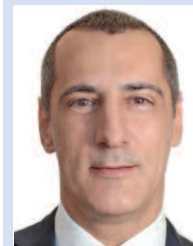


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Cyprus

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Transposing the BRRD

Cyprus has now enacted all the new laws required to align its legislative framework with the 2014 EU Bank Recovery and Resolution Directive (BRRD) and the 2014 Deposit Guarantee Schemes Directive. These provide a unified framework for the recovery and resolution of entities active in financial markets and for the protection of depositors.

Cyprus had already established a comprehensive framework of this type in 2013, before the directives were adopted. After the directives became the new European standard for the recovery and resolution of credit institutions and investment firms, it was necessary to replace the existing domestic legislation to align it with the directives and provide a unified structure for the entire financial sector.

The new Deposit Guarantee Scheme and Resolution of Credit and other Institutions Law was enacted in February 2016. In April 2016, the remaining two laws which were required to complete the legislative framework were enacted. They are the Recovery of Cyprus Investment Firms and Other Entities Supervised by the Cyprus Securities and Exchange Commission Law and the Resolution of Credit and Investment Firms Law.

The BRRD provides for three decision-making authorities, each having different powers and obligations. These are the national Resolution Authority (RA), the national Competent Authority (CA) and the European Banking Authority (EBA). Certain powers are to be exercised on the initiative of either the RA or the CA, while others (mostly in relation to cross-

border resolution planning) require joint decision-making between the RA and EBA. The BRRD also requires member states to designate a single ministry to exercise oversight of the RA, if the RA is not the competent ministry. The new laws designate the Central Bank of Cyprus as the national RA, the Central Bank of Cyprus and the Cyprus Securities and Exchange Commission as the CA for the entities they supervise (credit institutions and investment firms respectively), and the Ministry of Finance as the competent ministry.

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International Financial Law Review

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