



Annex to Press Release ref:CESR/04-203

Summary of the responsibilities of the new authorities joining CESR

1. Cyprus Securities and Exchange Authority

The Cyprus Securities and Exchange Commission (CySEC) was established in 1993 under the provisions of section 8 of the Securities and Cyprus Stock Exchange Law No.14 (I) of 1993 ("the Law of 1993"). In accordance with section 5 of the Cyprus Securities and Exchange Commission (Establishment and Responsibilities) Law 64(I) of 2001 ("the CySEC Law"), the assets, functions and responsibilities of the CySEC established under the Law of 1993 were transferred to the CySEC established under the CySEC Law. The CySEC is entrusted with the supervision of the capital market in general, the Stock Exchange in particular and the transactions in securities taking place in the territory of the Republic of Cyprus.

The main functions of the Cyprus Securities and Exchange Commission are defined by the CySEC Law. The CySEC:

- is responsible for the supervision of the provision of financial services and the capital market in general, securing its smooth operation and methodical development;
- oversees the monitoring of transactions in transferable securities taking place in the territory of the Republic through the Stock Exchange or outside the Stock Exchange;
- monitors and supervises the operation of UCITS
- carries out studies, suggests measures to the competent authorities and takes measures within the powers vested in it by Law in order to ensure the integrity of the financial services provided, the transactions carried out, and in general the effectiveness and fair operation of the capital market.

2. Czech Securities Commission

The Czech Securities Commission was established by a special act on 1 April 1998. The role of the Czech Securities Commission is to strengthen the trust of investors and investment instruments issuer in the capital market. A key role of the Czech Securities Commission is to ensure the smooth functioning of the Czech capital market. This is achieved by setting clear rules for the entities engaged on the market and through the supervision of compliance with the rules. The Czech Securities Commission is an independent authority that supervises, in its jurisdiction, compliance with the laws and secondary legislation. The Czech Securities Commission pursues fulfilment of its three statutory objectives in its work below:

- contribute to the investor protection;
- contribute to the capital market development;
- promote education in the capital market sector;

The task of the Commission is to identify and minimise so-called systemic risks. This, however, does not include protecting investors from all risks attached to investing in the capital market. The Commission is not and cannot be liable for the financial position and performance of the supervised entities. The firms management is responsible for ensuring reliable internal controls are in place, and that responsible attitudes in the risk management are adopted.

3. Estonian Financial Supervisory Authority

The main function of the Financial Supervisory Authority is to protect the interests of the clients and investors, and thereby support the stability of the Estonian financial system. The Authority was established in 2001 by the Financial Supervision Authority Act.

The mission of the Supervisory Authority is carried out through supervision, focused on :

- enhancing the stability and reliability of the financial sector
- reducing systemic risks of the financial sector/increase the transparency of the financial sector
- promoting prevention of the abuse of the financial sector for criminal purposes
- contributing to enhancing the efficiency of the financial sector.

In pursuit of its mission, the Financial Supervisory Authority shall operate according to good international practice and considers it important to explain the objectives and functions of financial supervision and the operating principles of the financial sector to the general public to enhance the transparency and reliability of the financial market.

4. Hungarian Financial Supervisory Authority

The Hungarian Financial Supervisory Authority (HFSA) was established on 1 April 2000 by the Act CXXIV of 1999. The HFSA is the general legal successor of the Hungarian Banking and Capital Market Supervision, the State Insurance Supervision and the State Pension Fund Supervision. The HFSA is a legal entity and operates as an independent budgetary agency.

The HFSA, as the single statutory body for the supervision of financial services in Hungary, exercises powers under the Act CXII of 1996 on Credit Institutions and Financial Enterprises, Act CXX of 2001 on the Capital Market, Act XCVI of 1995 on Insurance Institutions and Insurance Activities, Act XCVI of 1993 on Voluntary Mutual Insurance Funds, Act LXXXII of 1997 on Private Pensions and Private Pension Funds and certain other legislation.

The objectives of the HFSA are to:

- promote the smooth operation of the money and capital markets;
- protect the interests of clients of financial institutions;
- enhance transparency of markets;
- improve confidence in financial markets; and
- facilitate maintaining fair market competition

by permanently supervising the prudent operation of all types of financial institutions.

5. Latvian Financial and Capital Market Commission

The Financial and Capital Market Commission was established in accordance with the Law on the Financial and Capital Market Commission on 1 July, 2001.

Article 5 of this Law stipulates that “The goal of the Commission’s activities shall be to protect the interests of investors, depositors and the insured, and to promote the development and stability of the financial and capital market.” The strategic goals of the Financial and Capital Market Commission are:

- promotion of the stability in the financial and capital market;
- promotion of the development of the financial and capital market;
- protection of the interests of investors, depositors and the insured.

6. Lithuanian Securities Commission



The Securities Commission of the Republic of Lithuania is the supervisory authority of the securities market established under the Government decree of 3 September, 1992. On January 16, 1996, the Law on Public Trading in Securities of the Republic of Lithuania was passed altering the status of the Securities Commission and the procedure of commissioners' appointment. Following this a further amendment to the legislation was made in 17 December, 2001 by the Parliament of the Republic of Lithuania on Public Trading in Securities (Official gazette, 2001, No.112-4074) enacting a new version of this Law, which came into force on 1 April, 2002. The amendments were aimed at reflecting in the national legislation the newest trends of globalisation in investment services and market integration, transposing provisions of the European Union Directives concerning the securities market, bringing the provisions of this Law in line with the provisions of the Civil Code of the Republic of Lithuania, and incorporating changes necessary for more efficient enforcement.

7. Malta Financial Services Authority

The Malta Financial Services Authority is the country's single regulator for all banking, investment and insurance business and is also charged with the responsibility of regulating the activities of the Malta Stock Exchange as well as admissions to listing on the Exchange. The MFSA also houses Malta's Companies Registry.

The strategic management of and public accountability for the MFSA is vested in its Board of Governors. The Governors are obliged to report annually to Parliament and the organisation is also subject to scrutiny by the Public Accounts Committee, consisting of members of Parliament from government and opposition parties.

The licensing and supervision function of the MFSA is carried out by the Supervisory Council.

The main responsibilities of the MFSA are:

- to regulate, monitor and supervise financial services in Malta;
- to promote the general interests and legitimate expectations of consumers of financial services, and to promote fair competition practices and consumer choice in financial services;
- to monitor trading and business practices relating to the supply of financial services and to provide relevant information to the public;
- to advise the Government generally on the formulation of policies in the field of financial services;
- to investigate allegations of practices and activities detrimental to consumers of financial services;
- to keep under review trading practices relating to the provision of financial services, to provide relevant information to the public and to identify, and take measures to suppress and prevent, any practices which may be unfair, harmful or otherwise detrimental to consumers of financial services;
- to ensure high standards of conduct and management throughout the financial system.

8. The Polish Securities and Exchange Commission

The Polish Securities and Exchange Commission has operated since 1991 as a central authority of government administration with respect to the public trading in securities. The new Act on Public Trading of Securities of 21 August 1997 (the uniform text in the Journal of Laws of 2002, No. 49, item 447) extended the competences of the Polish Securities and Exchange Commission to include supervision over the commodity exchanges.

The responsibilities of the Polish Securities and Exchange Commission are to:

- supervise compliance with the rules of fair trading and competition in the field of public trading in securities and commodities as well as providing general access to reliable information regarding the securities and commodities markets;

- inspire, organise and undertake activities ensuring effective operation of the securities and commodities markets and protection of investors;
- co-operate with government administration authorities, the National Bank of Poland as well as institutions and the participants of public trading in securities and commodities in the area of shaping economic policy to ensure the development of the securities and commodities markets;
- disseminate knowledge regarding the operating principles of the securities and commodities markets;
- prepare legal acts relating to operating the securities and commodities markets;
- undertake other activities provided by the Act on Public Trading in Securities, Act on Commodity Exchanges and Act on Investment Funds.

9. Slovak Financial Market Authority

The Financial Market Authority (FMA) was established by the Act No 96/2002 “on Supervision over the Financial Market and on the Change and the Amendment of Certain Acts” on 1 April 2002, as a legal subject which was authorized to conduct a supervision in the area of public administration in accordance with above mentioned Act and special laws. The FMA is not listed in the Trade Register and its headquarters are in Bratislava.

The tasks of the Financial Market Authority (referred to as the Office), according to the Act No 96/2002, are to:

- Supervise: the activities of securities traders; branch offices of foreign securities traders; investment services providers; Security Stock Exchange; Securities Central Depository; trustee companies; shareholders funds; insurance companies; branch offices of foreign insurance companies; insurance brokers. In addition, supervision of other persons and subjects and groups of persons and subjects who are obliged by special laws in the field of capital market or insurance, within the scope provided by the Act No 96/2002 or a special law.

These functions are carried out by:

- supervision over the compliance with this Act and special laws;
- conducting proceedings in accordance with this Act and special laws in the field of capital market and insurance. This includes, issuing permits and making other decisions in accordance with this Act and special laws; supervising the fulfilment of the decisions issued by the Office and the compliance with the conditions determined by these decisions;
- conducting off-sight as well as on-sight supervision over the supervised subjects;
- co-operating with the Ministry of Finance of the Slovak Republic in the preparation of generally binding draft legislative regulations in the field of capital market and insurance;
- co-operating and exchanging information with foreign supervisory authorities in the field of capital market and insurance, within the scope and under the conditions provided by this Act;
- fulfilling other tasks, if so provided by this Act or by a special law.

10. Slovenian Securities Market Agency

The Securities Market Agency (the Agency) was founded as an independent institution on the basis of the Securities Market Act (SMA - Official Gazette RS, no. 6/94), which came into force on 13 March 1994. The enactment of the SMA-1, which superseded the SMA, on 28 July 1999 provided for the continued existence and functioning of the Agency, whose basic purpose is to carry out supervision and to perform the other tasks and competencies set out in laws and in regulations issued on the basis of laws with the aim of ensuring observance of these regulations and creating the conditions for the securities markets to function effectively and for investors to have confidence in the markets.

The Agency carries out supervision and other tasks and competencies as laid down in the SMA-1, the Takeovers Act (TA - Official Gazette RS, nos. 47/97 and 56/99), and the new Investment Funds and Management Companies Act (IFMCA-1 - Official Gazette RS, no. 110/02). In addition to these

laws, the legal framework for the work of the Agency is also determined by the Act Regulating the First Pension Fund of the Republic of Slovenia and the Conversion of Authorised Investment Companies (Official Gazette RS, nos. 50/99, 106/99 and 58/02), the Pension and Disability Insurance Act (PDIA-1 - Official Gazette RS, nos. 106/99, 72/00, 124/00, 109/01 and 108/02), the Foreign Currency Operations Act (FCOA - Official Gazette RS, no. 23/99), the Non-Materialised Securities Act (NSA - Official Gazette RS, no. 23/99) and the Prevention of Money Laundering Act (PMLA-1 - Official Gazette RS, nos. 79/01 and 59/02).

The four fundamental tasks and competencies carried out are:

- issuing permits: for the operations of financial organisations under the SMA-1, the IFMCA-1 and the PDIA-1, for public offers of securities, for takeover bids, to brokers and to members of the boards of directors of management companies, investment firms, the stock exchange and the central securities clearing company;
- supervision of the securities market and supervision of financial organisations in accordance with the SMA-1, the IFMCA and the new IFMCA-1 as well as the PDIA-1, and supervision of procedures connected with takeovers under the TA;
- preparation of the executive regulations of the Agency which form the legal basis for regulation, control and development of the securities market in the Republic of Slovenia;
- keeping of registers and other data connected with the securities market.

The Agency is governed by the Director and the Council of Experts.