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DIRECTIVE 2/2005
OF THE CYPRUS SECURITIES AND EXCHANGE COMMISSION
ON ELEMENTS TAKEN INTO ACCOUNT WHEN ASSESSING WHETHER
THERE HAS BEEN MARKET MANIPULATION

The Cyprus Securities and Exchange Commission, in accordance with the powers vested in it by virtue of section 21 of the Insider Dealing and Market Manipulation (Market Abuse) Law of 2005, issues the following Directive:

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| Short Title | 1. This Directive shall be referred to as the Elements taken into Account when assessing whether there has been Market Manipulation Directive of 2005. |
| Definition | 2. In this Directive, unless the context shall prescribe otherwise:

“ Law ” means the Insider Dealing and Market Manipulation (Market Abuse) Law of 2005, as in force.

Terms used in this Directive that are not interpreted differently have the meaning given to them by the Law.

Where in this Directive, reference is made to the Law, this includes the Regulations issued thereof. |
| Scope | 3. The scope of this Directive is for the Cyprus Securities and Exchange Commission to lay down the indications and elements it takes into account when assessing whether there has been market manipulation.

4. For the purpose of correctly applying paragraph (a) of section 20 of the Law, which lays down practices constituting market manipulation, the Cyprus Securities and Exchange Commission shall take into account the following non-exhaustive elements when assessing transactions or orders to trade:

(a) the extent to which orders to trade given or transactions undertaken represent a significant proportion of the daily volume or transactions in the relevant financial instrument on the regulated market concerned, in particular when these activities lead to a significant change in the price of the financial instruments;

(b) the extent to which orders to trade given or transactions undertaken by persons with a significant buying or selling position in a financial instrument lead to significant changes in the |

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- price of the financial instrument or related derivative or underlying asset admitted to trading on a regulated market;
- (c) whether transactions undertaken lead to no change in beneficial ownership of a financial instrument admitted to trading on a regulated market;
 - (d) the extent to which orders to trade given or transactions undertaken include position reversals in a short period and represent a significant proportion of the daily volume or transactions in the relevant financial instrument on the regulated market concerned, and might be associated with significant changes in the price of a financial instrument admitted to trading on a regulated market;
 - (e) the extent to which orders to trade given or transactions undertaken are concentrated within a short time span in the trading session and lead to a price change which is subsequently reversed;
 - (f) the extent to which orders to trade given change the representation of the best bid or offer prices in a financial instrument admitted to trading on a regulated market, or more generally the representation of the order book available to market participants, and are removed before they are executed;
 - (g) the extent to which orders to trade are given or transactions are undertaken at or around a specific time when reference prices, settlement prices and valuations are calculated and lead to price changes which have an effect on such prices and valuations.
5. For the purpose of correctly applying paragraph (b) of section 20 of the Law, which lays down practices constituting market manipulation, the Cyprus Securities and Exchange Commission shall take into account the following non-exhaustive elements when assessing transactions or orders to trade:
- (a) whether orders to trade given or transactions undertaken by persons are preceded or followed by dissemination of false or misleading information by the same persons or persons linked with them;
 - (b) whether orders to trade are given or transactions are undertaken by persons before or after the same persons or persons linked to them produce or disseminate research or investment recommendations which are erroneous or biased or demonstrably influenced by material interest.

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Provided that the above non-exhaustive signals should not necessarily be deemed in themselves to constitute market manipulation.

Entry into
Force

- 6.** This Directive shall enter into force on the day of its publication in the Official Gazette of the Republic.