

## Questionnaire on Beneficial Ownership information

### 1. Definition of beneficial ownership & mechanisms for obtaining beneficial ownership information

1.1 Please provide the definition of “beneficial ownership” in your country for: (a) legal persons; and (b) legal arrangements, including the relevant legislation (if applicable). Please describe criteria and thresholds that are applied to determine beneficial ownership, including any criteria for exercising control without legal ownership (e.g. voting rights, right to appoint or remove board of directors).

#### A. Definition of beneficial ownership:

**“beneficial owner” means any natural person who ultimately owns or controls the customer and/or the natural person on whose behalf a transaction or activity is being conducted and includes at least:**

#### **(a) in the case of corporate entities:**

- (i) **the natural person who ultimately owns or controls a corporate entity through direct or indirect ownership of a sufficient percentage of the shares or voting rights or ownership interest in that corporate entity, including through bearer shareholdings, or through control via other means, other than a company listed on a regulated market that is subject to disclosure requirements consistent with European Union law or subject to equivalent international standards which ensure adequate transparency of ownership information.**

#### **Provided that-**

- (a) **an indication of direct shareholding shall be a shareholding of 25% plus one share or an ownership interest of more than 25% in the customer held by a natural person; and**
- (b) **an indication of indirect ownership shall be a shareholding of 25% plus one share or an ownership interest of more than 25% in the customer held by a corporate entity, which is under the control of a natural person, or by multiple corporate entities, which are under the control of the same natural person or persons.**

Provided further that the control by other means can be verified, inter alia, based on the criteria provided for in section 142 (1) (b) and section 148 of the Companies Law;

- (ii) the natural person who holds the position of senior managing official if, after having exhausted all possible means and provided there are no grounds for suspicion, no person under sub paragraph (i) of the present paragraph is identified, or if there is any doubt that the person identified is the beneficial owner:

Provided that the obliged entity shall keep record of the actions taken in order to identify the beneficial ownership under sub paragraphs (i) and (ii);

(b) in the case of trusts:

- (i) the settlor;
- (ii) the trustee or commissioner;
- (iii) the protector, if any;
- (iv) the beneficiary, or where the individual benefiting from the legal arrangement or legal entity have yet to be determined, the class of persons in whose main interest the legal arrangement or entity is set up or operates;
- (v) any other natural person exercising ultimate control over the trust by means of direct or indirect ownership or by other means; and

(c) in the case of legal entities, such as foundations, and legal arrangements similar to trusts, the natural person holding equivalent or similar positions to the person referred to in paragraph (b);

For more information, please advise the following link:

[Cyprus Securities and Exchange Commission | MAIN LEGISLATION \(cysec.gov.cy\)](https://www.cysec.gov.cy/), The Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2007 (L.188(I)/2007), interpretation of beneficial owner. The translation of the Law is unofficial.

[Ο περί της Παρεμπόδισης και Καταπολέμησης της Νομιμοποίησης Εσόδων από Παράνομες Δραστηριότητες Νόμος του 2007 \(N. 188\(I\)/2007\)](#), the original Law is in Greek.

**B. Regarding the extent of the beneficial interest although there are three options in the system, only one of the following three options must be selected and completed according to the %age owned or controlled:**

**(i) Percentage of the shares - Where the beneficial owner ultimately owns or controls the legal entity through direct or indirect ownership or control of 25% plus one shares.**

**For example:**

**Company A direct shareholder is Individual X (100%).**

**Individual X is the only natural person that owns Company A through direct shareholding of greater than 25%. Consequently, according to the definition of beneficial owner, Individual X is the beneficial owner of Company A.**

**In the section of the system “Extent of the beneficial interest” the option “Percentage of the shares” must be selected and input 100% at the field “Enter the percentage of the shares” at the Beneficial Ownership (BO) Register reflecting the extent of the beneficial interest of Individual X.**

**(ii) Voting rights - Where the beneficial owner ultimately owns or controls the legal entity through direct or indirect ownership or control of more than 25% of voting rights.**

**For example:**

**Company A direct shareholders are Individual M (20%), Individual N (20%), Individual P (20%), Individual Q (20%) and Individual R (20%).**

**No natural person owns Company A with shareholding of equal or greater than 25% plus one share.**

**Following a review of the governing documents of company A (Articles of Association, Shareholders Agreement or other), the only natural person having voting rights in Company A is Individual M. Consequently, according to definition of the beneficial owner, the Beneficial Owner of Company A is individual M following the control that can be exercised through the 100% voting rights.**

**In the section of the system “Extent of the beneficial interest” the option “Voting rights” must be selected and input 100% at the field “Enter the percentage of the shares” at the BO Register reflecting the extent of the beneficial interest of Individual M.**

**(iii) Significant influence or control with other means - For further details, please refer to Annex III – Case number 3 of the Guidance of the Interim Solution of the Beneficial Ownership Register.**

**For example:**

**Company A direct shareholders are Individual X (10%), Individual Y (20%), Minor O (40%) and Company B (30%).**

**Individual N has 15% (30%x50%) indirect ownership in Company A through Company B.**

**Individual M has 15% (30%x50%) indirect ownership in Company A through Company B.**

**Individual Y acts on behalf of Minor O, being the parent of 10-year-old Minor O, who is legally incompetent.**

Therefore, Individual Y is the only natural person that controls the Company A and consequently, considered to be the beneficial owner, according to the definition of beneficial owner.

In the section of the system “Extent of the beneficial interest” the option “Significant Influence or control with other means” must be selected, the option “Through the exercise of dominant influence, influence through family links or other types of connection with decision-makers” should be selected from the dropdown menu at the BO Register, reflecting the extent of the beneficial interest of Individual Y.

In cases where option (iii) is selected, indicating significant influence or control with other means, additional clarifications must be provided.

A natural person may exercise significant influence or control via other means over a company. Such means may include agreement with the owners or the management of the legal entity or due to other close relationship and influence.

More specifically one of the following options must be selected:

- Through shareholder’s agreement
- Through the exercise of dominant influence, influence through family links or other types of connection with decision-makers
- Through the holding of negotiable shares or convertible stock
- Through the power to appoint senior management
- Other (Details to be provided accordingly)

If applied, the percentage of direct or indirect ownership must be disclosed.

In case no shareholder owns directly or indirectly more than 25% of the shares, the company must decide which natural person(s) control(s) the company. The meaning of “control” in such a case is extended beyond the ownership percentage of shares, but includes anyone with sufficient percentage of voting rights, ownership interest, or control via other means in the company.

For more details please advise the following links:

[-Guidance for the Interim Solution of the Beneficial Ownership Register](#), part 2, 2.2, 4. (b) Extend of the beneficial interest

[-Directive for the Prevention and Suppression of Money Laundering and Terrorist Financing \(Beneficial Owners\) of 2021](#), Directive 112/2021 (as amended) S.4(1)(b).

## 2. Access to basic information on legal persons

2.1 Please describe the process for obtaining *basic information* on legal persons created or registered in your country, including the role of the company registry.

The Department of Registrar of Companies and Intellectual Property (DRCIP) has two Registers. The Register of Beneficial Owners and the Business Register

The creation of a limited liability company requires the services of a licensed advocate according to the Law on Lawyers (CHAP. 2)

For a company to be registered, regardless of the type, the following documents that contain all necessary information of the company must be submitted:

- An affidavit (form HE1, s.17(2)) signed and sworn before the court by the lawyer, that all documents have been completed according to the Companies Law, Cap. 113,
- the memorandum and articles of association in accordance with the proposed type of the company. The Memorandum presents the purposes of a company as well as the authorized and issued share capital and the articles of association the rules of operation of a company. The members of the company are presented both in memorandum and articles of association.
- a solemn declaration of witness of signatures (if the application is submitted online);
- a notification of the company's registered office address (form HE2, s.-102)
- a notification in relation to the information of the company's first directors and secretary (form HE3, s.192)

Provided that the DRCIP is satisfied that all relevant legal requirements for the registration of the company, have been met, it will proceed with the publication of the Company's registration to the Official Gazette and the issuance of the certificate of incorporation.

For more information please advise the following link of our Department: <https://www.companies.gov.cv/en/business-entities/2-company/5-lifecycle/1-starting-a-company/15-guidance/incorporating-a-company>

Every company draws up an annual return once every calendar year which includes, essential information about the company as at the date of its drafting, in relation to:

- the company's registered office address;
- the address of the place where the company's registers are kept;
- the directors and secretary the share capital (in case of a company with share capital);
- the register of members.

The annual return is accompanied by the financial statements relating to the previous financial year (i.e. an annual return with return date within 2017 must be accompanied with the financial statements

of 2016), duly certified by a director and the company's secretary, together with payment of the appropriate fee.

Any changes regarding company's particulars must be submitted to the DRCIP according to the Companies Law Cap. 113.

For more information please advise the following links:

<https://www.companies.gov.cy/en/business-entities/2-company/5-lifecycle/1-running-a-company/5-guidance/filing-annual-returns-and-accounts/how-do-i-file-an-annual-return> (Filing Annual Returns and Financial Statements-website of the Department)

<https://www.companies.gov.cy/en/business-entities/2-company/5-lifecycle/1-running-a-company/5-guidance/updating-company-s-particulars> (Updating Company's Particulars-website of the Department)

- 2.2 Please list the categories of *basic information* on legal persons that is obtained and recorded by the company registry (or other relevant registries), e.g. name of entity, date of incorporation, tax ID number, etc.

Regarding the Business Register, one may conduct an electronic search in the file of a company, partnership or an overseas company by typing its name or its registration number. Once the business entity is identified and selected, the following basic information is accessible free of charge:

- Organization name
- Registration date
- Organization type
- Organization status
- Registered office address of company
- Name of current directors and secretary/partner
- Preview of pending services for filing to the register
- Preview of documents filed
- Last annual report filing date

Additionally, upon payment of a ten-euro (€10) fee, one may conduct a detailed search in the electronic file of the business entity of his/her choice, wherein all historic data filed with the Registrar of Companies is kept, starting from the business entity's registration date and up until the search date.

The details available through the electronic search are set out below, as per business entity:

Company	Partnership	Overseas Company
Name (history)		Name (history)
Registered office address (history)	Name (history)	Address (history)
Directors and secretaries (history)	Address (history)	Directors, secretaries and authorised persons (history)
Members (history)	Partners (history)	Charges and mortgages (post year 2000 registrations)
Share capital (history)	Overview of all filed documents	Overview of all filed documents
Charges and mortgages (post year 2000 registrations)		

Company Partnership Overseas Company  
 Overview of all filed documents

2.3 Is the company registry available publicly & online in your country?  
 YES / NO

If YES, please provide links to the company registry and any other relevant registries of legal persons, or provide details about how the public can access them.

Yes, the company registry is available publicly and online.

For e-search, please advise the following link:

<https://www.companies.gov.cy/en/company-lifecycle/search-for-company-information>

3. Access to beneficial ownership information of legal persons

3.1 Through which mechanism(s) can competent authorities (such as law enforcement, police, financial intelligence unit and tax agencies) access *beneficial ownership information* on companies and other legal persons created or registered in your country. Please Select all that apply,

. Through a registry/registries with beneficial ownership information

Through a different mechanism

Competent authorities do not currently have access to beneficial ownership information

The first choice: Through a registry/registries with beneficial ownership information.

If REGISTRY, please provide further details on such registry(ies) including:

- Authority(ies)/agency(ies) responsible for obtaining and maintaining beneficial ownership information and for maintaining the register(ies). Please list if more than one;

The DRCIP is the competent authority to maintain the Register of Beneficial Owners of corporate and other legal entities.

For further information please, advise the following link:

<https://www.companies.gov.cy/en/services/1-updating-the-register-of-beneficial-owners>

- Categories of beneficial ownership information (data fields) obtained, recorded and maintained on the registry(ies), e.g. name, nationality, date of birth, address, etc.;

The information to be filed on the BO register for each natural person beneficial owner is the following:

- A. Name, surname, date of birth, nationality and residential address
- B. Nature and extent of the beneficial interest held directly or indirectly by each beneficial owner, including through percentage of shares, voting rights, or the nature and extent of the Significant influence or control with other means exercised by each controlling person
- C. Identification document number indicating the type of document and the country of document issuance
- D. Date on which the natural person was entered in the register as beneficial owner
- E. Date on there were changes in the particulars of the natural person or the date on which the natural person ceased to be a beneficial owner

In the event where no natural person is identified as the beneficial owner based on the ownership rights or when there is doubt that the person identified is the beneficial owner, the details of the senior management official must be submitted, indicating whether the person is a director in the company or whether it holds another position, by declaring that position. In this case, the nature and extent of the beneficial interest is not submitted on the system.

The responsibility for the submission of information lies with the Entity and its officials.

For the time being, in cases where the shareholding structure of a Cyprus Entity registered in the Republic, leads to Trust/s, Foundation/s, Other similar legal arrangements or listed companies as beneficial owner(s), the information to be submitted in the BO register is the following:

- Name
- Registration number (if any)
- Country of Jurisdiction
- Business address (not applicable to trust)
- Nature and extent of the beneficial interest held directly or indirectly by each beneficial owner, including through percentage of shares, voting rights or the nature and extent of the Significant influence or control with other means exercised by each controlling person
- Date on which the Trust, Foundation, Other similar legal arrangements and listed company was entered in the register as beneficial owner
- Date on which there were changes in the particulars of a Trust, Foundation, Other similar legal arrangements and listed company or the date on which it ceased to be a beneficial owner for BO register purposes

For more information please advise the following links:

[-Guidance for the Interim Solution of the Beneficial Ownership Register, 1.4 Information to be filed.](#)

[-Directive for the Prevention and Suppression of Money Laundering and Terrorist Financing \(Beneficial Owners\) of 2021, Directive 112/2021 \(as amended\), S.4.1](#)

On 16.03.2021 an online system designed as an interim solution for the submission of the beneficial owner's details was established. The final solution system, with full online functionality, is under development by an external Vendor. It is expected that the system will be implemented by Q4 2023.



When the final solution of the system is implemented the following information will be filed electronically in the BO register regarding trusts:

- (i) the settlor;
- (ii) the trustee or commissioner;
- (iii) the protector, if any;
- (iv) the beneficiary, or where the individual benefiting from the legal arrangement or legal entity have yet to be determined, the class of persons in whose main interest the legal arrangement or entity is set up or operates;
- (v) any other natural person exercising ultimate control over the trust by means of direct or indirect ownership or by other means;

In the case of a trust registered in the Cyprus register of trusts, information (i), (ii) and (iv) are mandatory.

When the final solution of the system is implemented, regarding legal entities such as foundations, and legal arrangements similar to trusts the following information will be filed electronically:

- (i) Founder
- (ii) Member of the Board of Directors
- (iii) Member of the Management
- (iv) Other (please specify)

- Types of legal entities covered within the scope of the beneficial ownership registry(ies), including any exempt entities;

Types of legal entities covered within the scope of the beneficial ownership registry are the following:

- (i) Companies incorporated or registered under the Companies Law Cap.113
- (ii) European Public limited liability Companies
- (iii) Partnerships.

The Directive does not apply to the following entities:

- (i) Companies listed on a regulated market that is subject to disclosure requirements consistent with Union law or subject to equivalent international standards which ensure adequate transparency of ownership information
- (ii) Companies whose directors submitted an application for strike off pursuant to Article 327 (2A)(a) of the Companies Law, prior to the commencement of the Directive

(iii) Companies whose liquidation has been enacted before the commencement of the Directive (12 March 2021).

(iv) Overseas companies (branches)

All entities whose strike off or liquidation has been enacted after 12 March 2021 should complete the details of their BO, on the BO Register.

For more information please advise the following links:

- [Directive for the Prevention and Suppression of Money Laundering and Terrorist Financing \(Beneficial Owners\) of 2021, \(English translation\) K.Α.Π.112/2021, S.3.](#)

- [Guidance for the Interim Solution of the Beneficial Ownership Register, Part 1, point 1.3](#)

- Details of the registry's(ies)' access policy:
  - o Is the information on the registry(ies) available to the public?
    - YES / NO
      - If YES, please include a link(s) to the registry(ies).
      - If NO, please list the authorities/agencies that have access to this information, or that can request access.
  - o Does accessing beneficial ownership information in the registry(ies) entail any costs?

The information on the Beneficial Ownership registry of the DRCIP is not available to the public.

During the implementation of the interim solution, unlimited access to the information is available to the Competent and Supervisory Authorities upon a written request to the Registrar of Companies, without the payment of a fee.

The competent authorities are the following:

- The FIU
- The Customs and Excise Department
- The Tax Department
- The Cyprus Police
- The Treasury of the Republic of Cyprus,
- The Audit Office of the Republic of Cyprus,
- The Internal Audit Service (IAS) of the Republic of Cyprus,
- The Directorate General Growth-Ministry of Finance of the Republic of Cyprus,
- The European Commission
- The European Court of Auditors
- The European Anti-Fraud Office (OLAF)
- The European Public Prosecutor's Office (the EPPO)

The supervisory authorities are the following:

- (a) The Central Bank of Cyprus

- (b) The Cyprus Securities and Exchange Commission
- (c) The Superintendent of Insurance in relation to the activities determined by the Insurance and Reinsurance Business and other Related Issues Law, as amended or replaced;
- (d) The Institute of Certified Public Accountants of Cyprus procedures to conduct the supervisory function of ICPAC, in accordance with this Law.
- (e) The Council of the Cyprus Bar Association
- (f) The Real Estate Registry Board for the professional activities of real estate agents
- (g) The National Betting Authority
- (h) The National Authority of Gambling and Casino Supervision for Casino gambling and Casino financial activities and transactions which are related to Casino gambling within the Republic of Cyprus
- (i) The Tax Commissioner

Regarding the Supervisory authorities you can visit the following links:

[Cyprus Securities and Exchange Commission | MAIN LEGISLATION \(cysec.gov.cy\) or \(GB/legislation/financial-crimes/%CE%9A%CE%A5%CE%A1%CE%99%CE%91%CE%9D%CE%9F%CE%9C%CE%9F%CE%98%CE%95%CE%A3%CE%99%CE%91\)-article 59\(1\) of the Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2007 \(L.188\(I\)/2007\)](#). The translation of the Law is unofficial.

Ο περί της Παρεμπόδισης και Καταπολέμησης της Νομιμοποίησης Εσόδων από Παράνομες Δραστηριότητες Νόμος του 2007 (N. 188(I)/2007), the original Law is in Greek.

During the interim solution the obliged entities have limited access to the beneficial owner(s) information from the Register of Beneficial Owners, upon written request to the Registrar of Companies with the submission of euro 3.50 per entity.

The obliged entities are the following:

- (a) Credit institution;
- (b) Financial institution;
- (c) Any of the following natural or legal persons in the exercise of their professional activities: (i) auditors, external accountants, and tax advisors, and any other person that undertakes to provide, either directly or by means of other persons to which that other person is related, material aid, assistance or advice on tax matters as principal business or professional activity; (ii) Independent legal professional, when it participates, whether acting on behalf of a client in a financial or real estate transaction, or by assisting in the planning or carrying out of a transaction for its client concerning the- (aa) buying and selling of real property or business entities; (bb) managing of client money, securities or other assets; (cc) opening or management of bank, savings or securities accounts; (dd) organisation of contributions necessary for the creation, operation and management of companies; (ee) creation, operation or management of trusts, Obligated Entities 24 companies, foundations or similar structures;
- (d) Natural or legal person not already covered under paragraph (c) offering the following services to trusts or companies: (i) the formation of companies or other legal persons; (ii) acting as, or arranging for another person to act as, a director or secretary of a company, a partner of a partnership, or a similar position in relation to other legal persons; (iii) providing a registered office, business address, correspondence or administrative address and other related services for a company, a partnership or any other legal person or

arrangement; (iv) acting as, or arranging for another person to act as, a trustee or a trustee of express trusts or a similar legal arrangement; (v) holding the shareholding capital of corporate entities and registering such shareholder in the respective registers of registered shareholders on behalf of or on account of third parties, other than a company listed on a regulated market that is subject to disclosure requirements in accordance with European Union law or subject to equivalent international standards, or ensures that other person exercises respective duties; and (vi) any of the services or activities specified in section 4 of the Regulation of Administrative Service Providers and Related Issues Law.

(e) estate agents including when acting as intermediaries in the letting of immovable property, but only in relation to transactions for which the monthly rent amounts to EUR 10 000 (€10.000) or more;

(f) providers of gambling services, as provided in the relevant laws of the Republic;

(g) casino, which falls under the scope of the Law Regulating the operation and Supervision of casino;

(h) a person trading in goods, if the payment is made or collected in cash and it concerns an amount equal to or greater than ten thousand euro (€10.000), regardless of whether the transaction is carried out in a single operation or in several operations which appear to be linked; (i) Crypto Asset Service Providers, who are registered with the register provisioned as per section 61E (1);

(j) persons, whose supervision is assigned to CySEC under the provisions of the Cyprus Securities and Exchange Commission or any other law;

(k) persons trading or acting as intermediaries in the trade of works of art, including when this is carried out by art galleries and auction houses, where the value of the transaction or a series of linked transactions amounts to ten thousand Euro (€10.000) or more.

(l) persons storing, trading or acting as intermediaries in the trade of works of art when this is carried out by free ports, where the value of the transaction or a series of linked transactions amounts to ten thousand Euro (€10.000) or more.

Please advise the following link for the English unofficial translation of the L. 188(I)/2007: [Cyprus Securities and Exchange Commission | MAIN LEGISLATION \(cysec.gov.cy\) or crimes/%CE%9A%CE%A5%CE%A1%CE%99%CE%91-%CE%9D%CE%9F%CE%9C%CE%9F%CE%98%CE%95%CE%A3%CE%99%CE%91/-article 2A obliged entities.](https://www.cysec.gov.cy/main-legislation/cysec.gov.cy/crimes/%CE%9A%CE%A5%CE%A1%CE%99%CE%91-%CE%9D%CE%9F%CE%9C%CE%9F%CE%98%CE%95%CE%A3%CE%99%CE%91/-article%202A-obliged-entities)

The Greek Law is presented in the following link: [Ο περί της Παρεμπόδισης και Καταπολέμησης της Νομιμοποίησης Εσόδων από Παράνομες Δραστηριότητες Νόμος του 2007 \(N. 188\(I\)/2007\)- http://www.cylaw.org/nomoi/indexes/2007\\_1\\_188.htm-article 2A, obliged entities.](http://www.cylaw.org/nomoi/indexes/2007_1_188.htm)

- o Does the registry(ies) provide features to search information by different types of information, e.g, legal entity name, name of director, name of beneficial owner, by first or last name, by business address, by registered agent? Is it possible to search for a combination of information (Boolean searches)?

Features to search information by different types of information:

The search for the Competent and Supervisory Authorities has the following two criteria:

**A. Regarding legal entities-**

- (a) name or
- (b) national registration number of the legal entity

**B. Regarding beneficial owner-**

- (a) First name and surname of the beneficial owner and
- (b) Date of birth of the beneficial owner

The search for the obliged entities has the following criteria:

- (a) name or
- (b) national registration number of the legal entity

- Frequency of updates of information and triggers for updates;

No later than within fourteen (14) days from the date that the change in the information of the beneficial owners contained in the Register of Beneficial Owners of Corporate and Other Legal Entities was brought to its attention, the corporate or other legal entity, and each of its officials/partners, must register, by electronic means the changes in the information regarding its beneficial owners.

A corporate or other legal entity and each of its officials (directors or secretary)/partners must, during the period from the 1st to the 31st of December of each year, confirm by electronic mean to the Registrar of Companies, the information regarding the beneficial owners of the corporate or other legal entity listed in the Register of Beneficial Owners of Corporate and Other Legal Entities.

Once the information of the beneficial owner is entered by the user is available for search.

- Any mechanisms to verify beneficial ownership information submitted to the registry(ies) by legal persons or their representatives (if they exist).

According to the S. 15. (1) of the Directive 112/2021, where an authority referred to in section 61A (6) (a) (i) of the Law 188 (I)/2007 becomes aware of a discrepancy between the information in the Register of Beneficial Owners of Corporate and Other Legal Entities and the information it holds about the beneficial owners, then the authority, if it deems that reporting is appropriate and where such reporting will not unjustifiably interfere in its tasks, it must submit a discrepancy report to the Registrar of Companies, as soon as possible reporting and describing the information on which there is a discrepancy, based on the data available to it. The authority shall be obliged to attach documents or other evidence at the same time, to substantiate the discrepancy.

(2) Where an obliged entity referred to in section 61A (6) (a) (ii) of the Law 188(I)/2007 becomes aware of a discrepancy between the information in the Register of Beneficial Owners of Corporate and Other Legal Entities and the information it holds of beneficial owners, it must submit a discrepancy report to the Registrar of Companies, no later than within thirty (30) days from the day it became aware of the discrepancy, stating the information on which there is a discrepancy, based on the data available to the obliged entity. The obliged entity shall be obliged to attach documents or evidence to substantiate the discrepancy.

(3) Upon receipt of the discrepancy report, the Registrar of Companies shall examine the discrepancy and if deemed appropriate, he shall electronically enter a relevant reference in the Register of Beneficial Owners of Corporate and Other Legal Entities and send a written notice to the corporate or other legal entity –

- (a) stating that the aforementioned discrepancy report has been received, and
- (b) determining the details in respect of which the discrepancy exists, and requesting the corporate or other legal entity and each of its officers to submit within thirty (30) days, a written statement with a reasoned reply of the corporate or other legal entity whether the discrepancy is valid and if it is indeed valid, the amendment information for registration in the Register of Beneficial Owners of Corporate and Other Legal Entities required to resolve the discrepancy.

According to S. 10 (3) of the K.A.Π. 112/2021 (as amended from time to time), a corporate or other legal entity and each of its officers must, during the period from the 1st to the 31st of December of each year, confirm by electronic mean to the Registrar of Companies, the information regarding the beneficial owners of the corporate or other legal entity listed in the Register of Beneficial Owners of Corporate and Other Legal Entities. In the event that there are no changes in the UBOs information article 10(3) of the Directive, which regards to the company's obligation to confirm the UBOs details maintained on the Register once a year, does not apply for the interim solution.

For more information please advise the following links:

[-Cyprus Securities and Exchange Commission | MAIN LEGISLATION \(cysec.gov.cy\)](#), The Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2007 (L.188(I)/2007), interpretation of beneficial owner. The translation of the Law is unofficial. [Ο περί της Παρεμπόδισης και Καταπολέμησης της Νομιμοποίησης Εσόδων από Παράνομες Δραστηριότητες Νόμος του 2007 \(N. 188\(I\)/2007\), the original Law is in Greek.](#)  
[-Directive for the Prevention and Suppression of Money Laundering and Terrorist Financing \(Beneficial Owners\) of 2021, Directive 112/2021 \(as amended\)](#)

- 3.2 Please describe any other sources (mechanisms) through which competent authorities/agencies can access beneficial ownership information in your country. In each case, please describe how beneficial ownership information on companies and other legal entities is made available to authorities and/or the public (if applicable).

*Examples may include through private-public partnerships (e.g. involving financial institutions, notaries and/or corporate service providers), through stock exchange or security exchange commission, or disclosure obligations for participation in public procurement processes, etc*

- 3.3 Are foreign legal persons, foreign (express) trusts or foreign legal arrangements allowed to operate in own assets/ and/or register in your country? YES / NO  
If YES,
- how is basic information on these arrangements recorded (if at all)?
  - how is beneficial ownership information on these arrangements recorded (if at all)? Please provide details of the relevant legislation and practices.

A. Yes, foreign legal persons i.e. overseas companies can register and operate in Cyprus.

According to S.347 of the Companies Law, Cap. 113 the following documents must be submitted:

- list of documents delivered for registration by the overseas company (**form AE1**);
- true copies of the charter or articles or memorandum of association of the overseas company which are to be certified by an apostille of the Hague Convention by the competent foreign authority on the original foreign-language document or by the competent authority in case where the country of incorporation is not a member of the Hague Convention or a certified translation, either by an affidavit or by **sworn translator** of the Republic of Cyprus, in the Greek language in case where the documents above are in a language other than the Greek or English language;
- written report signed by an authorised person which includes the name of the company, its legal form, the country of incorporation, the place of conducting business in Cyprus and the address abroad, the nominal and issued capital in shares, the nature of business;
- list of directors and secretary of the company as well as their details (**form AE2**);
- names and addresses of authorised persons residing in the Republic of Cyprus (**form AE3**);
- solemn declaration of the witness of signatures (applicable only for the e filing procedure);

Provided that the Registrar of Companies is satisfied that all the relevant legal requirements for the establishment of the place of business of an overseas company have been met, he will proceed with the publication of the overseas company registration to the official gazette and the issuance of the certificate of submission of overseas company's documents.

Every overseas company that establishes a place of business in the Republic of Cyprus prepares financial statements and the management report for its place of business in the Republic of Cyprus. The audited financial statements and the management report are submitted to the Registrar of

Companies for registration. Additionally, where the parent company is registered in third countries, the financial statements of both the subsidiary and the parent company are submitted. For more information please, advice S. 350 of the Companies Law Cap. 113.

Any changes regarding overseas company's particulars must be submitted and filed, by the appropriate documents, in the DRCIP according to the Companies Law Cap. 113, S.349.

For more information please advise the following links:

- [address of place of business;](#)
- [directors and secretary;](#)
- [authorised person;](#)
- [constitutional documents.](#)

For the Companies Law the links are the following:

1. <https://www.companies.gov.cy/en/knowledgebase/legislation> (English translation and consolidation, not all amendments included)
2. <https://www.companies.gov.cy/gr/%CE%B2%CE%AC%CF%83%CE%B7-%CF%80%CE%BB%CE%B7%CF%81%CE%BF%CF%86%CE%BF%CF%81%CE%B9%CF%8E%CE%BD/2-%CE%BD%CE%BF%CE%BC%CE%BF%CE%B8%CE%B5%CF%83%CE%AF%CE%B1/%CF%80%CE%B5%CF%81%CE%AF-%CE%B5%CF%84%CE%B1%CE%B9%CF%81%CE%B5%CE%B9%CF%8E%CE%BD-%CE%BD%CF%8C%CE%BC%CE%BF%CF%82> (Greek Original Law)

B. Overseas Companies are not considered legal entities within the meaning assigned to it as per the provisions of article 2 of the Registrar's Directive in relation to the terms "company" and "other legal entity". The establishment of place of business in the Republic of Cyprus does not require the creation of a new legal entity but rather creates the possibility for a legal entity incorporated outside the Republic to operate as a branch in the Republic of Cyprus. As a consequence overseas companies are not obliged to submit data regarding the beneficial owners.

4. Access to basic information and beneficial ownership information of (express) trusts and other similar legal arrangements

4.1 Does your country recognize (express) trusts or other similar legal arrangements? YES / NO

Yes. Kindly refer to the definition of 'express trust' provided in section 3(2) of the CySEC's Directive on the Register of Beneficial Owners of Express Trusts and Similar Legal Arrangements (the 'Directive') which states that 'For the purposes of this Directive and paragraph (d) of section (4) of Article 61C of the Law, an express trust shall be deemed to be a Trust established expressly by a settlor at their own will and shall not include Trusts arising by operation of law or Trusts for which the settlor shows no express intention or decision for



the establishment of a Trust or a similar legal arrangement, such as an implicit Trust.

In addition, 'similar legal arrangement', as per section 2(1) of the AML/CFT Law, means "a legal arrangement whose structure or functions are similar to those of a trust, and it is included in the list published by the Commission under the provisions of article 31(10) of the EU Directive".

- If YES, please provide a broad overview of your country's system and mechanisms for obtaining beneficial ownership information on (express) trusts and other similar legal arrangements created or registered in your country.

Pursuant to section 61C(4)(a) of the AML/CFT Law, the CySEC establishes and maintains a Beneficial Ownership Register of Express Trusts and Similar Legal Arrangements, in which information regarding express trusts, similar legal arrangements and their beneficial owners is submitted.

Hence, CySEC has developed a System - the CYPRUS TRUSTS BENEFICIAL OWNERS REGISTRY - 'CyTBOR', through which the Register is kept (the 'CyTBOR Register'). In particular, through CyTBOR, registration, disclosure, management, keeping and updating of information on beneficial owners of Express Trusts and Similar Legal Arrangements as well as access to the Register is carried out. CyTBOR is operational as of 17/5/2022.

According to section 61C(5)(b) of the AML/CFT Law, subject to the provisions of paragraph (c), express trusts and similar legal arrangements shall be entered in the CyTBOR, if: (i) the trustee of an express trust or the person holding an equivalent position in a similar legal arrangement is established or residing in the Republic, or (ii) the trustee of an express trust or the person holding an equivalent position in a similar legal position, who is established or resides outside the European Union, enters into a business relationship or acquires immovable property in the name of express trust or similar legal arrangement in the Republic.

On the basis of section 61C(6)(a) of the AML/CFT Law and subject to the provisions of section 61C(5) of the said Law, the trustee of an express trust or a person holding an equivalent position in a similar legal arrangement shall submit to CyTBOR, an application for registration in the Register, disclosing information about the express trust or similar legal arrangement and its actual beneficial owners.

For CyTBOR purposes, CySEC has issued a relevant Directive, which regulates matters such as access to the Register, timelines for registering the trusts and any changes made, submission of discrepancy reports, fees, fines etc.

Moreover, a Q & As document has been prepared as well as User Guide manuals for CyTBOR. Furthermore, a number of videos have been prepared explaining the various functions/operations of CyTBOR and all of these tools, along with the announcements issued from time to

time, are posted on a dedicated section on CySEC'S website.

To access CyTBOR it is necessary to create a profile in Cy LOGIN, which is the service of the Republic for the management and identification of users.

With regards to access to CyTBOR Register, on the basis of section 61C(12) of the AML/CFT Law, CySEC, may grant access to -

(a) the competent Supervisory Authority, the Unit, the Customs and Excise Department, the Tax Department, and the Police, without any restriction,

(b) the obliged entities, as part of the customer due diligence and identification measures set out in sections 59, 60, 61, 62, 63, 64, 66 and 67:

Provided that obliged entities shall use a risk-based approach and shall not rely solely on the information recorded in the Register to fulfil the requirements for customer due diligence and identification measures,

(c) any natural or legal person who, at his request to CySEC, demonstrates a legitimate interest:

Provided that the information to which such a person has access shall relate to the name, month and year of birth, the country of residence and the nationality of the beneficial owners, and the nature and extent of the rights held in the express trust or similar legal arrangement:

Provided further that the existence of a legitimate interest shall be satisfactorily demonstrated when the natural or legal person proves that its interest is exclusively related and contributes to the fight against money laundering and the financing of terrorism on the basis of evidence and information, including data and information on previous activities and actions taken in this direction, and shall be decided by CySEC on a case-by-case basis,

(d) any natural or legal person who submits a written request to CySEC in respect of an express trust or similar legal arrangement which it owns or controls, or has controlling participation in a company or other legal entity, including through direct or indirect ownership, or through bearer shares or control by other means, excluding participation in a company or other legal entity referred to in section 61A (1) and section 61B (1) or established in a Member State other than the Republic:

Provided that the natural or legal person shall have access to the name, the month and year of birth, the country of residence and the nationality of the beneficial owners and the nature and extent of the rights they hold in the explicit trust or similar legal arrangement.

- If NO, pk:asc skip to question 5

4.2 How is *basic information* on (express) trusts and other legal arrangements obtained and recorded in your country?

The trustees or persons holding equivalent positions, of any express trust managed within the Republic, shall obtain and maintain adequate, accurate and up-to-date information on beneficial ownership of the trust. In particular, subject to the provisions of section 61C(5) of the AML/CFT Law, the trustee of an express trust or a person holding an equivalent position in a similar legal arrangement shall submit to CYSEC an application for registration in CyTBOR Register disclosing information about the express trust or similar legal arrangement and its actual beneficial owners.

Specifically, paragraph 5(1) of the Directive, provides that a Trustee in an Express Trust or Other equivalent person established or residing in the Republic shall, within fifteen (15) days from appointment, submit to CySEC through CyTBOR, an application for registration in the Register providing the information set out in sub-paragraphs (3), (4), (5) and (6) of paragraph 5 of the Directive, which includes information on the express trust or similar legal arrangement and its actual beneficial owners. The same applies in the case of a Trustee of an Express Trust or Other equivalent person established or residing outside the European Union that establishes a business relationship or acquires immovable property in the name of the Express Trust or similar legal arrangement in the Republic, shall comply with the provisions of sub-paragraph (1) within fifteen (15) days from the day of forming the business relationship or acquiring the immovable property, as the case may be. (paragraph 5(2) of the Directive)

Paragraph 5(3) of the Directive, refers to the information provided for registration in the Register on the Express Trust or similar legal arrangement and includes the following:

- (a) name,
- (b) country and date of incorporation and/or establishment,
- (c) applicable law,
- (d) termination date (if any),
- (e) with regard to a similar legal arrangement, the type of such arrangement,
- (f) information on the country of establishment or residence of the trustee or other equivalent person as well as their residential address,
- (g) where a trustee or other equivalent person is established or resides outside the European Union and establishes a business relationship in the name of the Express Trust or similar legal arrangement in the Republic, the date of commencement of the business relationship, the name of the person with whom the business relationship is established together with the letter of agreement which governs the business relationship,
- (h) where a trustee or other equivalent person is established or resides outside the European Union and acquires immovable property in the name of the Express Trust or similar legal arrangement in the

Republic, the registration number and address of the immovable property together with title deeds of the immovable property,  
 (i) any other information and/or supporting documents which are deemed necessary by the Commission for identification purposes.

4.3 How is *beneficial ownership information* on (express) trusts and other legal arrangements obtained and recorded in your country?

J Through a registry/registries with beneficial ownership information **Correct** Through a different mechanism **n/a**  
 Competent authorities do not currently have access to beneficial ownership information

The authorities listed in section 61C(12)(a) of the AML/CFT Law, namely the competent Supervisory Authority, the Unit, the Customs and Excise Department, the Tax Department, and the Police, have access to the Register without any restriction.

If REGISTRY, please provide details on the registry(ies), authority(ies)/agency(ies) in charge of maintaining the registry(ies), type of information collected, and details on the access policy.

Kindly refer to CySEC's response in question 4.1 as to the details of the CyTBOR Register and the details of the access policy and CySEC's response in question 4.2 regarding the type of information on (express) trusts and other legal arrangements collected on CyTBOR. In relation to the type of beneficial ownership information of an Express Trust or similar legal arrangement collected on CyTBOR Register, please see below:

Paragraph 5(4) of the Directive 'The information provided to the Commission for registration in the Register on the beneficial owners of an Express Trust or similar legal arrangement, in the case of the persons set out in paragraphs (b) and (c) in the definition of «beneficial owner» in section (1) of Article 2 of the Law, shall include the following:

- (a) full name,
- (b) father's name,
- (c) date of birth,
- (d) place of birth,
- (e) nationality or nationalities,
- (f) residential address,
- (g) number, type and country of issuance of identification document,
- (h) year of death, where applicable,
- (i) date on which the natural person became a beneficial owner,
- (j) the nature and extent of the rights, which are directly or indirectly held by each beneficial owner,
- (k) his/her role in the Express Trust or similar legal arrangement,

(l) any other information and/or supporting documents which are deemed necessary by the Commission for identification purposes of the beneficial owner as arises from paragraphs (b) and (c) in the definition of «beneficial owner» in section (1) of Article 2 of the Law.

Paragraph 5(5) of the Directive: 'For purposes of sub-paragraph (4), in the case of a beneficiary of a legal arrangement or legal entity not yet determined pursuant to the provisions of paragraph (b)(iv) in the definition of «beneficial owner» in section (1) of Article 2 of the Law, the following information shall be provided regarding each category of beneficiaries:

- (a) description of the class of beneficiaries and its members,
- (b) the nature and extent of the interest of each class of beneficiaries.

Paragraph 5(6) of the Directive: 'The information provided for registration in the Register, whereby the settlor, trustee, protector, beneficiaries or, in case the persons being beneficiaries of the Express Trust have not yet been determined and the category of persons for the benefit of which the Express Trust has been mainly established or operates is a legal person or legal persons, shall include the following:

- (a) the name of the legal person,
- (b) the type of the legal person,
- (c) its registration number,
- (d) its country and date of incorporation,
- (e) the address of its registered office,
- (f) its role in the Express Trust or similar legal arrangement,
- (g) the information referred to in sub-paragraph (4) on the beneficial owners of the legal person,
- (h) any other information or supporting documents which are deemed necessary by the Commission for identification purposes of the beneficial owners.

If ALTERNATIVE MECHANISM, please provide details on the mechanism, type of information collected, and details on the access policy.**not applicable**

## 5. Sanctions

- 5.1 Please describe the types of sanctions, sanctionable conduct, and targets of sanctions for non-compliance with beneficial ownership disclosure regulations (whether on the registry(ies) or through an alternative mechanism).

According to S. 61A 10 (e) and (f) of the Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2007 (L.188(I)/2007),

(e) A person who refuses, fails or neglects to fulfil the obligations relating to the submission of details on the beneficial owners of companies and other legal entities, as such obligations arise from the provisions of this article and under the Directives issued on the basis of the same, shall be subject to a fine of two hundred Euro (€200) and additional fine of one hundred Euro (€100) for each day for which the breach is continued, with the maximum total fine being twenty thousand euros (€20.000) .

(f) A person who, following a relevant notification from the authority keeping the Register, (i) refuses, fails or neglects to fulfil the obligations relating to the submission of details on the beneficial owners of companies and other legal entities mentioned in paragraph (a) of subsection (1), as those obligations arise under the provisions of this article and the Directives issued pursuant thereto, and/or

(ii) when providing information to the Registrar of Companies and Official Receiver for the purposes of fulfilling his obligations under the provisions of this article or the Directives issued pursuant thereto, knowingly makes a false, misleading or fraudulent declaration as to the beneficial owners of a company or other legal entity, is guilty of an offence if convicted, shall be subject to a term of imprisonment of no more than one (1) year or a fine not exceeding one hundred thousand Euros (EUR 100.000) or both.

For more information please advise the following links:

[Cyprus Securities and Exchange Commission | MAIN LEGISLATION \(cvsec.gov.cy\)](http://www.cvsec.gov.cy), The Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2007 (L.188(I)/2007), interpretation of beneficial owner. The translation of the Law is unofficial.

[Ο περί της Παρεμπόδισης και Καταπολέμησης της Νομιμοποίησης Εσόδων από Παράνομες Δραστηριότητες Νόμος του 2007 \(N. 188\(I\)/2007\)](#), the original Law is in Greek.

The cases where the above administrative fines are imposed are referred to in the directive in the following articles:

According to S. 4 (3) of the Directive Κ.Α.Π. 112/2021 (as amended) notwithstanding the criminal liability or prosecution of any person, in the event of failure to comply with any of the obligations referred to in subparagraphs (1) or (2)- Obtaining and keeping information on the beneficial owners from corporate and other legal entities- , the corporate or other legal entity and each of its officers shall be subject to a fine of two hundred Euros (€ 200) and a further fine of one hundred Euros (€ 100) for each day of continuation of the violation with a maximum charge of twenty thousand Euros (€20,000):

Provided that an officer of a corporate or other legal entity shall not be subject to a fine if he had exercised due diligence to comply with the provisions of this paragraph and the violation is not due to any act or omission or negligence on his part.

According to S. 11(1) and (2) of the Directive Κ.Α.Π. 112/2021 (as amended) the following fines will be imposed:

S. 11 (1) The corporate or other legal entity and each of its officials shall be responsible for the true and correct submission of the information regarding the beneficial owners of corporate and other legal entities referred to in paragraphs 8(Submission of data of corporate or other legal entities that were incorporated or registered before the entry into force of the Directive), 9(Submission of data of corporate or other legal entities that are incorporated or registered after the entry into force of the Directive) and 10 (Obligation to notify changes and update information) of the Directive.

S. 11(2) Notwithstanding the criminal liability or prosecution of any person, where there is a failure

to comply with the reporting obligations about the beneficial owners of corporate and other legal entities referred to in paragraphs 8, 9 and 10 above, the corporate or other legal entity and each of its officials shall be liable to a fine of two hundred Euros (€ 200) and a further fine of one hundred Euros (€ 100) for each day of continuation of the violation with a maximum total fine of twenty thousand Euros (€ 20,000); Provided that an officer of a corporate or other legal entity shall not be subject to a fine if he had exercised due diligence to comply with the provisions of this paragraph and the violation is not due to any act or omission or negligence on his part.

According to S. 15(4)-Reporting and resolving discrepancies- of the Directive K.Α.Π. 112/2021 (as amended)

Notwithstanding the criminal liability or prosecution of any person, where a corporate or other legal entity fails to comply with the notice referred to in subparagraph (3), the corporate or other legal entity and each of its officials shall be liable to a fine of two hundred Euros (€ 200) and a further fine of one hundred Euros (€ 100) for each day of continuation of the violation with a maximum fine of twenty thousand Euros (€ 20,000):

Provided that, an official of a corporate or other legal entity shall not be subject to a fine if he had exercised due diligence to comply with the provisions of this paragraph and the violation is not due to any act or omission or negligence on his part.

Concerning to S.16 – Incomplete entries- of the Directive K.Α.Π. 112/2021 (as amended)

(1) The Registrar of Companies may reject any entry of information made electronically in the Register of Beneficial Owners of Corporate and Other Legal Entities, which is incomplete or does not comply with the laws and regulations in force.

(2) In case of rejection of entry of information in the Register of Beneficial Owners of Corporate and Other Legal Entities by the Registrar of Companies for one of the reasons referred to in subsection (1), the Registrar of Companies may request in writing from the company or any other legal entity and any of its officers to complete, amend or correct the information by electronic means or to enter the required supporting documents in electronic form.

(3) The corporate or other legal entity and each of its officers must comply within a period of fifteen (15) days from the date of issuance of the request of the Registrar.

(4) Notwithstanding the criminal liability or prosecution of any person, where a corporate or other legal entity fails to comply with the notice referred to in subparagraph (3), the corporate or other legal entity and each of its officers shall be liable to a fine of two hundred Euros (€ 200) and a further fine of one hundred Euros (€ 100) for each day of continuation of the violation with a maximum fine of twenty thousand Euros (€ 20,000):

Provided that, an officer of a corporate or other legal entity shall not be subject to a fine if he had exercised due diligence to comply with the provisions of this paragraph and the violation is not due to any act or omission or negligence on his part.

For more information please advise the following links:

[-Directive for the Prevention and Suppression of Money Laundering and Terrorist Financing \(Beneficial Owners\) of 2021, Directive 112/2021 \(as amended\)](#)

5.2 Please describe the powers available to the designated authority(ies)/agency(ies) to enforce sanctions for non-compliance with the beneficial ownership disclosure requirements, including any statistics on enforcement of such sanctions.

Administrative penalties will be imposed automatically through the final electronic system solution. For criminal penalties the procedure is through the court.

No statistics available at present

**6. International Cooperation, asset recovery and challenges**

- 6.1. Does your country make beneficial ownership information available to foreign competent authorities (directly or upon request)? Please provide details of the relevant legislative and regulatory framework in your country that allows for the international exchange of such information.
- 6.2. Please describe how foreign competent authorities may request or access beneficial ownership information on legal persons and legal arrangements formed in your country. Which agency(ies)/authority(ies) is/are responsible for receiving and responding to foreign requests? Please provide contact information and instructions.
- 6.3. In your opinion, what are the main challenges faced *by foreign competent authorities* to access beneficial ownership information held in your country?
- 6.4. In your opinion, what are the main challenges faced by *competent authorities of your country* to access/receive beneficial ownership information held in a foreign country?
- 6.5. Do you have any case studies or examples where the transparency of beneficial ownership has *enabled or enhanced the effective recovery and return of proceeds of crime in (or for) your country?*

*Beneficial ownership information can be made available to foreign competent authorities on the basis of MLA requests or European Investigation Orders as well as following FIU to FIU cooperation. According to AML/CFT Law, the FIU, the Police, the Customs Department and the Tax Department have access to the beneficial owner's registry without any limitation.*

**7. Good Practices for Beneficial Ownership Transparency**

- 7.1. Has your country implemented any specific good practices relating to Beneficial Ownership Transparency that you wish to highlight? *Examples could include good practices in verification, data format, searchability, use of technology, enforcement of sanctions, automatic red flagging, use or risk-based approach.*

**In relation to the verification, accuracy and update of beneficial ownership data submitted to CyTBOR Register, please note that the following practices applied:**

1. **During the registration process of an express trust on CyTBOR, the trustee needs to confirm that all measures have been taken to ensure that the information provided in CyTBOR is adequate, accurate and up to date, otherwise the trustee cannot proceed with the registration.**
2. **Prior to signing up as a trustee user on CyTBOR, the applicant trustee user confirms and acknowledges that the provision of false, or misleading information or data or documents or forms, or the withholding of material information, in addition to constituting a violation subject to an administrative fine is also a criminal offence, otherwise his sign up as a trustee user cannot be completed.**



3. The Directive provides a timeline of 15 days for registration of an Express trust on CyTBOR and the same applies in case of any change in the beneficial ownership information provided upon its registration in the CyTBOR Register. In order to capture instances where the above timeframes are exceeded, notifications pop-up and the administrator of the system is also notified. (It is noted that the AML/CFT Law (Section 61C(9)(a)(v)(aa)) provides that If a person does not comply with the provisions of section 61C of the AML/CFT Law or the Directives issued pursuant thereto, CySEC may impose a financial penalty not exceeding five hundred thousand euros (EUR 500.000), and in the event of renewed breaches, one million euro (EUR 1.000.000), depending on the gravity of the breach).

4. In addition, a notification pops-up when the ID information submitted for a beneficial owner of an express trust, has expired. In such as case, no actions can be processed and saved unless the user submits updated ID information.

8. Follow-up to the special session of the General Assembly against corruption

8.1. Please describe any other measures, if any, that your country may have taken to implement paragraph 16' of the political declaration adopted by the General Assembly at its special session against<sup>1</sup>corruption held in June 2021.

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<sup>1</sup>.

16. Svc commit to making efforts in international cooperation and taking appropriate measures to enhance beneficial ownership transparency by ensuring that adequate, accurate, reliable and timely beneficial ownership information is available and accessible to competent authorities and by promoting beneficial ownership disclosures and transparency, such as through appropriate registries, where consistent with the fundamental principles of domestic legal systems and using as a guideline the relevant initiatives of regional, interregional and multilateral organizations against money-laundering To this end, we will develop and implement the measures necessary to collect and share such information on the beneficial ownership of companies, legal structures and other complex legal mechanisms, and we will enhance the ability of competent authorities in this regard

## **Beneficial ownership questionnaire – UNODC**

### **Question 3.2**

Please describe any other sources (mechanisms) through which competent authorities/agencies can access beneficial ownership information in your country. In each case please describe how beneficial ownership information on companies and other legal entities, is made available to authorities and or the public (if appropriate).

### **Response**

In Cyprus the availability of beneficial ownership information is

guaranteed through a multi-pronged approach, whereby, the information is collected and verified by a multitude of economic agents and authorities, contributing to its availability and accuracy.

### Legal Persons

Under the Advocates Law (Section 2), the creation of every company requires the services of a licensed advocate (lawyer), who is eligible to submit the relevant documents to the Department of the Registrar of Companies and Intellectual Property -DRCIP. In particular the lawyer will prepare and submit the Articles of Association of a company and its Memorandum along with documents which include details on the directors, the company secretary, the shareholders and the registered office of the company. As lawyers are obliged entities and are supervised by the Cyprus Bar Association under the AML/CFT Law (section 59), customer due diligence is an integral part of this process, in an effort to prevent legal persons from being used for criminal purposes.

With respect to the availability of beneficial ownership information on companies, the following measures/practice also apply:

Based on the Administrative Services Law<sup>2</sup>, which was first enacted in 2012, the administrative services sector has become fully regulated and supervised. Previously only lawyers and accountants were regulated entities through the AML/CFT Law. The ASP Law (section 4) specifies which types of services can only be provided by licensed, regulated and supervised entities, namely lawyers licensed and regulated by the CBA, accountants licensed and regulated by ICPAC and any other professionals licensed and regulated by CySEC. This is in addition to relevant provision in the AML/CFT law.

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<sup>2</sup> <https://www.cysec.gov.cy/CMSPages/GetFile.aspx?guid=6273eb84-8dd8-4b4c-b2a3-e4185dc17bae>

The ASP Law provides that the regulated activities include “*managing companies, including, but not limited, to the management or the administration of companies, general or limited partnerships, or other organisations with or without separate legal personality, wherever these may be registered or established and the provision of the following services: providing directors for legal persons, providing a secretary, or assistant secretary of legal persons, holding the share capital of legal persons and registering the holder in the respective registers of shareholders on behalf of third persons; provision of registered office address and or the official mailing address and or electronic address of companies; provision of general or limited partners in partnerships, provision of other similar services, or in conjunction with the services described above, in relation to other legal persons organisations, with or without separate legal personality; opening or managing bank accounts; etc.*”- ASP law excerpt.

Within this framework, a company or any other legal entity, (if it does not fall within the exceptions of the law, catering mainly, for the case where a natural person is the owner of a company with at least 25% ownership, where it can act as director or company secretary), the above services must be provided by the licensed and supervised entities.

So going a step further, following the incorporation of a legal entity by a lawyer, if the shareholder of that entity is not the natural person owning the shares, but rather holds the shares on behalf of a third party, this shareholder will have to be a licensed lawyer, accountant or a Trust and Company Service Provider under the Administrative Services law, and would have to perform accordingly CDD measures when onboarding the new customer.

Furthermore, the registered office of companies should be located in

Cyprus as well as the Company Secretary, who if not a natural person owning 25% shares of the company, will have to be a supervised and regulated TCSP.

Given the above provisions, unless companies have a simple setup (a few shareholders) with physical presence in Cyprus through their own headquarters, a regulated entity will always be involved in their management, either through a Company Secretary or a Director or as holding shares on their behalf of a third party or by providing registered office. This is especially the case of Cypriot companies owned by foreign nationals.

It is noted that following the provisions of the 4th and 5th EU AML Directive, a centralised register of beneficial owners of legal entities registered in Cyprus has been set up and operated by the DRCIP (as described elsewhere in this questionnaire) which is accessible by the competent supervisory authorities, the Police, the FIU, the Customs and Excise Department, the Tax Department as well as other government agencies and persons conducting customer due diligence.

### Legal Arrangements

With respect to legal arrangements for Cyprus, this in practice involves express trusts and the following apply:

The provision of services relating to express trusts or similar legal arrangements fall under the ambit of the AML/CFT Law and covers the services of the trustee. As in the case of legal entities, the relevant provisions are further articulated in the ASP Law (section 4) also particularly referenced in the AML/CFT law (Section 2).

With respect to express trusts and similar legal arrangements, the

regulated and supervised entities under the ASP law and non-regulated entities, must identify and verify the identity of the beneficial, owners of the trust.

This should include accurate and updated information on the following categories, (where and if these are applicable):

(a) Trustees,

(b) Settlers,

(c) Beneficiaries or information on the class of beneficiaries including the beneficiaries to whom any distributions have been made pursuant to the trust,

(d) Protector, where applicable, Investment advisor, accountant, tax consultant, where applicable, the activities of the trust

(e) any other person who exercises effective control over the trust.

The person providing the services of management and administration of trusts must keep this information in the Republic of Cyprus and make them available for disclosure to and inspection by the relevant Competent Authority, at all times.

With respect to trusts governed by Cyprus law, additional provisions apply. Under article 25A of the Administrative Services Law, all trusts established under Cyprus Law have to register, with one of the above mentioned supervisory authorities. All the relevant supervisory authorities have developed systems for registering the trusts.

Although the trusts registers of each supervisory authority are currently not publicly available, they remain available for inspection by the competent authorities. Each trustee has 15 days to notify one the competent authorities that a trust has been registered and 15 days to notify of any changes made to the trust. Information provided to the competent authorities include (a) the name of the trust, (b) the name and

full address of every trustee at all relevant times, (c) the date of establishment of the trust, (d) the date of any change in the law governing the trust and (d) the date of termination of the trust. ***This is in addition to the Beneficial Ownership Register for express trusts which has been developed and maintained by the Cyprus Securities and Exchange Commission, in which all trusts administered in Cyprus or which have a business relationship in Cyprus have to register and furnish their beneficial ownership information.***

Further to the provisions of the law, the Central Bank of Cyprus (CBC) AML/CFT Directive paragraph 133 provides that credit institutions should seek evidence of registration of the trusts in addition to the trust deed, thus creating the additional obligation to foster the implementation of the law.

#### Supervisory functions

Apart from the actions of the Department of the Registrar of Companies and Intellectual Property, for the prompt filing of the relevant information by companies and other legal entities, the supervisory authorities which supervise the Administrative Services Sector (CBA, ICPAC, CySEC) have an active assessment program for the obliged entities under their supervision (lawyers, accountants, other TCSPs), and assess that the regulated entities, adhere to the provisions of the law and in particular in maintaining the required information on the ownership of legal entities and arrangements as well as transaction monitoring of the legal entities of their clients for which in practice they offer director, shareholder or company secretary services.

As part of the offsite tools, the supervisory authorities collect questionnaires from all obliged entities, for risk-calibration purposes, where information on the following amongst other is submitted:

personnel of obliged entity, procedures used, AML/CFT training received, STRs filed to the FIU, number of customers natural persons and legal persons, types of products they offer, origin and number of their customers (European , Cypriot, third countries), whether they rely on third parties for information, number of PEPs, breakdown of their customers according to risk classification (obliged entities have the responsibility to categorise their customers according to risk and employ the appropriate tools, e.g. EDD).

With this exercise, the supervisory authorities categorise the obliged entities with respect to risk and plan their review cycles accordingly.

During the onsite visit, as per their audit programs, the supervisory authorities check if the obliged entity representing the company has filed the relevant documents to the DRCIP including the Annual Return Form and if they have performed the CDD requirements with respect to their clients, including the identification and verification of the beneficial owners. ***With this mechanism the supervisory authorities, ensure that up to date basic and beneficial ownership information is present and ready to be provided to the appropriate authorities by the obliged entities.***

The design and implementation of this framework, was articulated under Cyprus' Economic Adjustment Programme and can be perused under Annex II of the Review Report of the summer of 2015, attached below. Relevant on-site and off-site supervision tools were also developed by the supervisor authorities for a risk based supervision of the sector.



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**For expositional purposes we stipulate below, further articulation**



## **on the CDD procedures and supervisory setup and actions of CySEC and ICPAC**

### **Comments relating to CySEC functions:**

The collection of beneficial ownership information (including local or foreign legal entities) is an integral part of customer due diligence measures taken by all obliged entities. Thus, the main mechanism used for the collection of such data is the provisions for CDD included in the AML/CFT Law and CySEC's AML/CFT Directive. The obligation for collection of beneficial ownership information burdens the obliged entities during both the onboarding procedure and the business relationship through on-going monitoring.

Section 61 of the AML/CFT Law, prescribes the identification procedures and the customer due diligence measures to be applied by the obliged entities, which include information on the beneficial owners of any customer - legal entity, partnership, trust and similar legal arrangement, whether domestic or foreign.

In a similar way, paragraph 21 of CySEC's AML/CFT Directive dictates that the Obligated Entity obtains adequate data and information so as to understand the ownership and control structure of the customer and requests and obtains sufficient data and information regarding the customer's business activities and the expected pattern and level of transactions.

The Fifth Appendix of CySEC's AML/CFT Directive expands further on customer identification issues. Paragraph 6 of the Appendix provides for specific documents that need to be obtained by the Obligated Entities in order to fully ascertain the legal person's control and ownership structure as well as verify the identity of the natural persons who are the beneficial owners and exercise control over the legal person.

Additionally, in order to ensure that BO information is obtained consistently by all CySEC's obliged entities, CySEC issued Circular [C317](#) with the subject "National Risk Assessment on Money Laundering and Terrorist Financing - Improvement of data collection and statistics by Regulated Entities". Furthermore, CySEC have issued Circular [C357](#) on FATF Best Practices on Beneficial Ownership for Legal Persons, in order to communicate to the regulated entities the importance of adequacy, accuracy and timeliness of information held for beneficial ownership when implementing appropriate measures and procedures on a risk-based approach, and on implementing the customer identification and due diligence procedures. Also, CySEC have issued Circular [C465](#) on the Revised EBA Guidelines on ML/TF risk factors, with guidance on information obtained and monitored thereon for UBOs.

The abovementioned obligations of the obliged entities are tested through annual offsite inspections of the AMLCO and Internal Auditor's Reports. Particularly, the AMLCO Report should include information on the inspections and reviews performed by the AMLCO in relation, among others, to customer identification and due diligence procedures for all types of customers.

Furthermore, compliance is tested through annual onsite inspections. Prior the conduct of the onsite inspection, the latest AML/CFT Internal Procedures Manual of the obliged entity is reviewed by ensuring that the relevant AML/CFT procedures and controls are appropriately documented and that these are in accordance to the AML/CFT Legislation. During the onsite inspection, compliance is tested by inspecting a sample of clients' files and completing the relevant working papers of CySEC's AML/CFT Audit Program.

Another mechanism which triggers the obligation for collection of beneficial ownership information is the Cyprus Beneficial Ownership

Register of Express Trusts and Similar Legal Arrangements (the 'CyTBOR', the 'Register'), which is operational as of 17/05/2022. This project was completed within the context of harmonisation of the national legislation with the fourth and fifth EU AML Directives (section 61C of the AML/CFT Law). One of the main purposes of the Register is, among others, the enhancement of transparency in relation to the ownership and control of express trusts and similar legal arrangements. CySEC, within 2021, issued the [Directive for the prevention and suppression of money laundering and terrorist financing \(beneficial ownership register of express trusts and similar legal arrangements\)](#), which determines the characteristics, creation, operation, access and other related matters of the Register. The information to be submitted in CyTBOR can be divided into two main categories: i. information related to the express trust or the similar legal arrangement itself, and ii. information in relation to the beneficial owners of the trust or the similar legal arrangement (as the term 'beneficial owner' is interpreted at section 2 of the AML/CFT Law). Further to the afore-mentioned Directive, CySEC has also issued [User Guide Manuals](#), [Q&As](#) and a [Videos/Presentations](#) section. All relevant information, including the CyTBOR platform link are available on CySEC's website, under the section '[Trusts Registry](#)'. The obligation for registration into CyTBOR, relates to express trusts and similar legal arrangements, as per the provisions of article 61C(5)(b)(i) and (ii) if:

- (i) the trustee of an express trust or the person holding an equivalent position in a similar legal arrangement **is established or residing** [*thus also foreign trust managed*] **in the Republic**, or
- (ii) the trustee of an express trust or the person holding an equivalent position in a similar legal position, who is established or resides outside the European Union, enters into a business relationship or acquires

immovable property in the name of express trust or similar legal arrangement in the Republic.

#### **Comments relating to ICPAC's function**

All Obligated Entities are required to collect and maintain information of beneficial owners of ALL legal entities, partnerships, trusts and similar legal arrangements irrespective of whether they are local or foreign. The obligation to collect such information is covered in articles 61, of the [Prevention and Suppression of Money Laundering Activities Law L. 188\(I\)/2007](#) as amended from time to time ("AML Law") and paragraphs 5.4, 5.5 and 5.6 and Annex III of [ICPACs AML/CFT Directive](#). All information collected on the beneficial owners need to be readily available to the competent authorities and the FIU. The obligation is covered by articles 68(2) and 68B of the [Prevention and Suppression of Money Laundering Activities Law L. 188\(I\)/2007](#) as amended from time to time ("AML Law") and paragraph 8.1.2 of [ICPACs AML/CFT Directive](#).

Compliance with the above obligations is confirmed annually by ICPAC through the off-site monitoring performed to all obliged entities where a number of information is requested amongst which is the legal form of clients, the nationality of the clients and their beneficial owners etc.

Furthermore, during the on-site monitoring visits which are performed on a risk-based monitoring cycle, a number of client files are reviewed to assess the completeness of the records in relation to the KYC/CDD documents and the overall compliance with requirements and obligations.

#### **Banking system**

### *Supervisory aspects by the Central Bank of Cyprus (CBC)*

- The CBC is a supervisory authority, responsible for overseeing the implementation of preventive measures prescribed by the law as well as standards and best practice guidance from international bodies.
- The CBC conducts on-site and off-site supervision using the programs and tools developed with the technical assistance of the IMF. Offsite supervision is on-going by the dedicated team and a statistical tool developed with assistance by the IMF. Regular on-site inspections cover a wide spectrum of areas from governance, compliance, training and enhancing awareness to transactions' filtering, IT audits, correspondent banking, introduced business etc. Apart from regular on-site inspections, the CBC carries out targeted and ad hoc investigations. During the covid period, the CBC continued its offsite monitoring and also conducted targeted examinations in an offsite mode.
- Banks are required to have adequate and appropriate systems and procedures to monitor the transactions of customers vis-à-vis the customer economic profile and the assigned risk category, commensurate to the business transacted and the risks assumed. In this respect, IT systems are employed to facilitate transaction monitoring through the handling of alert messages for adverse indicators, red flags and generally scenario analysis. Any suspicious transactions or activities must be reported to the Cyprus FIU. The CBC follows these as part of its onsite and offsite supervisory activity. Deficiencies in these processes as well as failures to identify known ML/TF typologies and reporting to the FIU are subject to supervisory action by the CBC.
- Central Register of Bank Accounts, Payment Accounts and Safe Deposit Boxes  
All obliged entities supervised by the CBC shall provide to the “Bank Account Register” information about the name and identification data of the account holder including beneficial ownership information, and details of the account i.e. number, opening and closing date. The “Bank Account Register” has been developed and is maintained by the CBC. Access to the Bank account register is provided to the FIU, the Police, Tax Department and the Customs and Excise Department within the context of investigating

and prosecuting the offences. Relevant provisions in the AML/CFT Law are under article 61D of the legislation.

### **International oversight of the Cyprus AML/CFT framework and its implementation**

Cyprus is evaluated by the MONEYVAL Committee of the Council of Europe for AML/CFT compliance. On 12 February 2020, MONEYVAL, the Council of Europe's expert committee on the evaluation of anti-money laundering and counter financing of terrorism (AML/CFT) measures, published a report summarising their findings on the Cyprus AML/CFT measures in place as part of the 5<sup>th</sup> round of mutual evaluations.

The report makes a comprehensive assessment of the effectiveness of the Cypriot AML/CFT system and its level of compliance against the 40 recommendations of the Financial Action Task Force (FATF). Cyprus achieved 3 Substantially Effective marks and 8 Moderately Effective scores for effectiveness. The Cyprus MONEYVAL report on technical compliance has awarded for 16 recommendations a Compliant score; for 21 the Largely Compliant score and for 3 recommendations the Partially Compliant with none non-compliant rating. ***Cyprus' performance renders it in the top quartile as far as effectiveness internationally, based on the results found in FATF's comparative table<sup>3</sup>.***

Regarding CDD measures employed by the financial institutions some excerpts of the Report on CDD measures are the following:

Key finding 3, of the Mutual Evaluation Report under chapter 5, Preventive measures notes that . *"Among FIs, particularly banks, understanding of AML/CFT legal obligations is very high, and in addition banks are aware of international best practices and prudential considerations that go beyond legal obligations."* Key finding 4 notes the following: *"4. FIs consistently refuse to engage in business with*

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<sup>3</sup> <https://www.fatf-gafi.org/en/publications/Mutualevaluations/Assessment-ratings.html>  
<https://www.pio.gov.cy/en/press-releases-article.html?id=12060#flat>

*clients and customers that do not provide requested information for CDD purposes, but there is a widespread perception that banks are particularly intense in their collection and evaluation of CDD information"*