

Recent Developments on the  
creation of the UBO Registers in  
Cyprus and the amendments to the  
AML legal framework

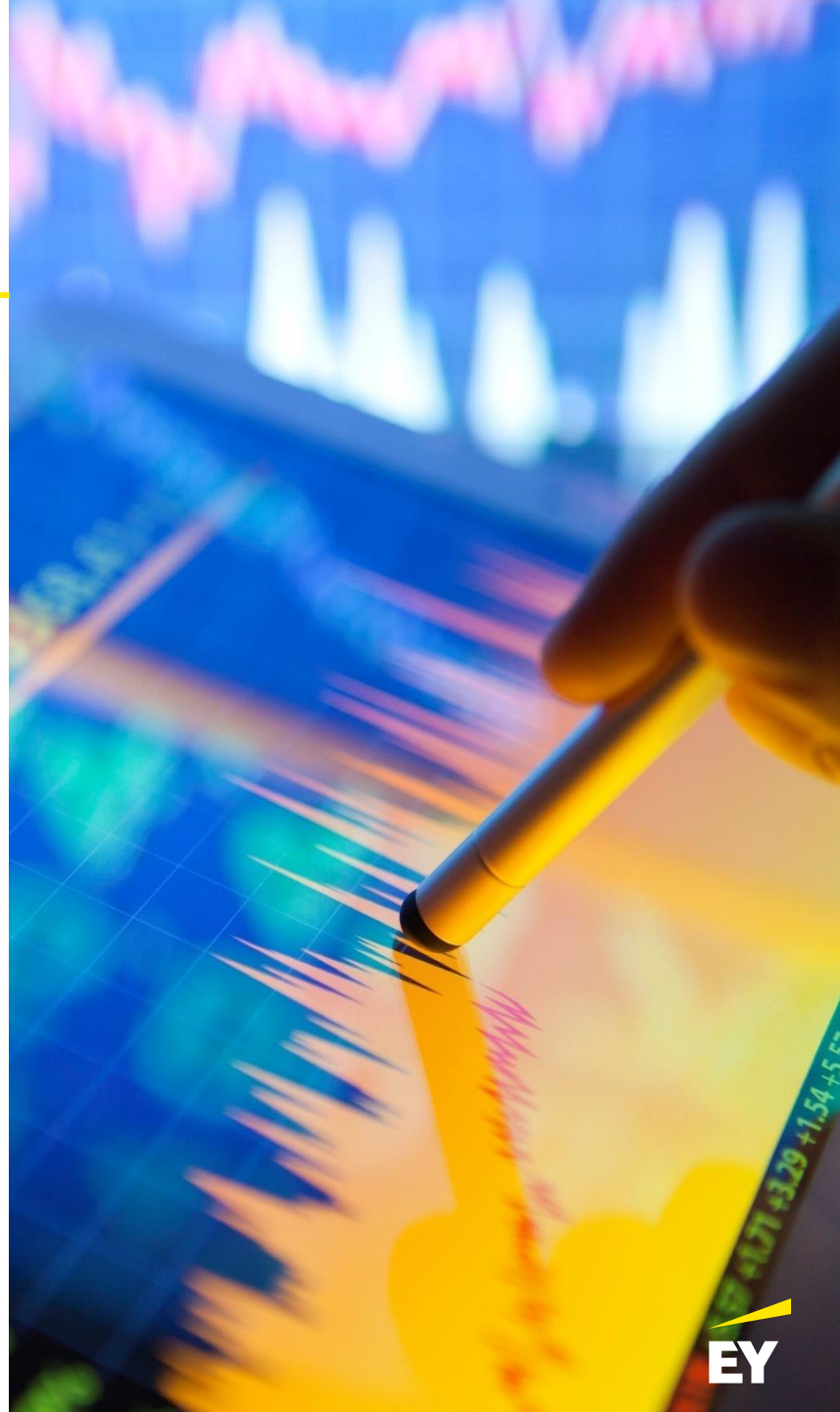
**May 2021**

# Agenda

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**Part I** - Key amendments of the AML Legal Framework

**Part II** – Beneficial Ownership Register – Companies



# Part I

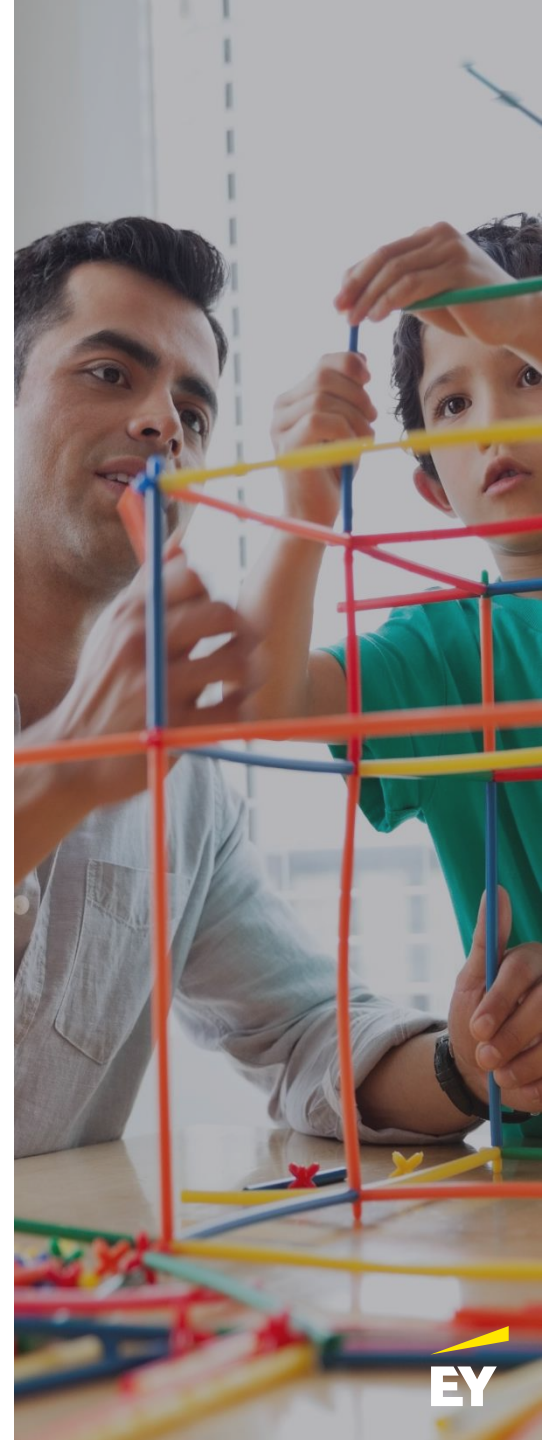
## Key amendments to the AML Law and legal framework



## PART II- Key Amendments to the AML Law and legal framework in Cyprus

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- ▶ On 18/02/2021, the law amending the Prevention and Suppression of Money laundering and Terrorist Financing Law 188(I)/2007 (the “**AML Law**”), fully implementing the EU Directive 2018/843 of the European Parliament and of the Council of 30 May 2018, (the “**AML Directive**”) was enacted.
- ▶ On 23/02/2021, the above was published in the Official Gazette of the Republic of Cyprus, constituting the amendments enforceable.
- ▶ Accordingly companies and other entities were provided with a 6-month timeframe to comply with the provisions of the new AML Law legal framework. Subsequently the timeframe has been extended to 12-months, i.e. up to March 2022.
- ▶ The amendments to the AML Law significantly expand the range of application of the legal framework of anti-money laundering and notably enhance transparency through the limitation of anonymity.





# PART II- Key Amendments to the AML Law and legal framework in Cyprus

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## Key Amendments

- ▶ Expansion of the obliged entities under the AML Law legal framework, including the following entities and/or persons:
  - ▶ trading in goods to the extent that payments are made or received in cash in an amount of EUR 10.000 or more, whether the transaction is carried out in a single operation or in several operations which appear to be linked;
  - ▶ Providing gambling services;
  - ▶ Providing exchange services between virtual currencies and fiat currencies (crypto-assets);
  - ▶ custodian wallet providers;

## PART II- Key Amendments to the AML Law and legal framework in Cyprus

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- ▶ 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 EUR 10.000 or more;
- ▶ 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 EUR 10.000 or more.



# PART II- Key Amendments to the AML Law and legal framework in Cyprus

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## ▶ Creation of the following registers:

- ▶ **Register of the Crypto Assets Service Providers** –kept by CySEC ;
- ▶ **Register of the Electronic Registry of Bank Accounts, Payment Accounts and safe Boxes** – kept by the Central Bank;
- ▶ **Beneficial Ownership Register of Companies and other legal entities** – kept by the Department of the Registrar of Companies and Official Receiver;
- ▶ **Beneficial Ownership Register of Express Trusts and Similar arrangements** – kept by CySEC;
- ▶ **Beneficial Ownership Register of legal bodies** (foundations, clubs, unions etc.) – kept by the General Commissioner.

It should be noted that as at the date of the current webcast, only the Registrar of Companies has issued a directive on the implementation of the AML Law regarding the creation of the Beneficial Ownership Register of Companies and other entities.

# Part II – Section 1

## Beneficial Ownership Register – Companies and other legal entities



# Part III- Beneficial Ownership Register – Companies and other legal entities

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## Definition of Beneficial Owner



In accordance with the Guidance issued by the Registrar of Companies on 12/03/2021,

*'beneficial owner' means any natural person(s) who ultimately owns or controls the customer and/or the natural person(s) 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(s) who ultimately owns or controls a legal entity through direct or indirect ownership of a sufficient percentage of the shares or voting rights or ownership interest in that 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 Union law or subject to equivalent international standards which ensure adequate transparency of ownership information. A shareholding of 25 % plus one share or an ownership interest of more than 25 % in the customer held by a natural person shall be an indication of direct ownership.***

## Part III- Beneficial Ownership Register – Companies and other legal entities

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### Definition of Beneficial Owner (continued)

*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(s), or by multiple corporate entities, which are under the control of the same natural person(s), shall be an indication of indirect ownership. This applies without prejudice to the right of Member States to decide that a lower percentage may be an indication of ownership or control. **Control through other means may be determined**, inter alia, in accordance with the criteria in Article 22(1) to (5) of Directive 2013/34/EU of the European Parliament and of the Council (3);*

## Part III- Beneficial Ownership Register – Companies and other legal entities

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### Definition of Beneficial Owner (continued)

*(ii) if, after having exhausted all possible means and provided there are no grounds for suspicion, no person under point (i) is identified, or if there is any doubt that the person(s) identified are the beneficial owner(s), the natural person(s) who hold the position of senior managing official(s), the obliged entities shall keep records of the actions taken in order to identify the beneficial ownership under point (i) and this point;*

## Part III - Beneficial Ownership Register – Companies and other legal entities

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### Definition of Beneficial Owner (continued)

The Guidance also provides that *“Control via other means may include shareholder’s agreement, the **exercise of dominant influence, influence through family links or other types of connection with decision-makers, the holding of negotiable shares or convertible stock, and the power to appoint senior management or any other way.**”*

Hence, companies and other relevant entities must consider the definition of beneficial owner and control in order to take the required and appropriate measures to obtain the information required regarding their beneficial owners for internal keeping and reporting.

Furthermore, the above may give rise to examining the internal governance structure of companies/groups in light of the above considerations and introduce appropriate governance structures and/or amend existing corporate governance structures.



# Types of Entities

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## Entities not falling under the obligation to report

- Companies listed on a regulated market that is subject to disclosure requirements consistent with EU law;
- Companies that are subject to equivalent international standards which ensure adequate transparency of ownership information;
- Companies whose directors have filed an application to strike-off the company prior to the commencement of the directive;
- Companies whose liquidation has been enacted prior to the commencement of the directive;
- Overseas companies;
- Partnerships.

# Part II – Section 2

## Internal Registers



# Internal Registers

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## Article 4 (2)

- Companies should maintain and update at all times information regarding their UBO's.
- The officers of the company have the obligation to collect the necessary information and maintain them and the BO has the obligation to provide/report the necessary information.

## Article 5 (1) – (5)

- If the information required are not known to the Company and its officers, then a signed request letter should be sent to the person that there are reasonable grounds that is the UBO, requesting to confirm and verify the details needed in accordance with Article 4 (1)

# Internal documentation – information to be obtained

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## Article 4 (1)

1. Name, surname, date of birth, nationality and residential address
2. 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
3. Identification document number indicating the type of document and the country of document issuance (Identity card or passport depending on the specific facts).
4. Date on which the natural person was entered in the register as beneficial owner; and
5. 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.



# Penalties for non-compliance

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- **No penalties** will be imposed during the interim period of 12 months starting from the 16<sup>th</sup> of March 2022
- Article 11 (2) - Penalties: €200 fixed fee plus €100 per additional day of non compliance with a cap of €20.000.
- Penalties are imposed both on the Company and its officers.



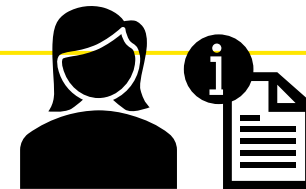
# Part II – Section 3

## Public Registers



# Information to be filed with the RoC

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## Information to be reported

1. Name, surname, date of birth, nationality and residential address
2. 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
3. Identification document number indicating the type of document and the country of document issuance (Identity card or passport depending on the specific facts).
4. Date on which the natural person was entered in the register as beneficial owner and
5. 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.

# Filing with RoC - Timing

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## One-off filing

- Article 8 (1) - Existing entities will have a period of 12 months, starting from the 16<sup>th</sup> March 2022, to submit the relevant data with the BO Registry
- Article 9 (1) - New Entities (registered following the 16th March 2021), must, no later than thirty (30) days from the date of their registration, file electronically the relevant data to the BO Registry.

## Changes in the UBO's

- Article 10 (1) and (2) - In case of a change in the information of a BO, an entity and its officers must, within fourteen (14) days from the change, file onto the BO register the information regarding the new BO or the change on the details of an existing BO owner.



# Filing with RoC – Method and Timing

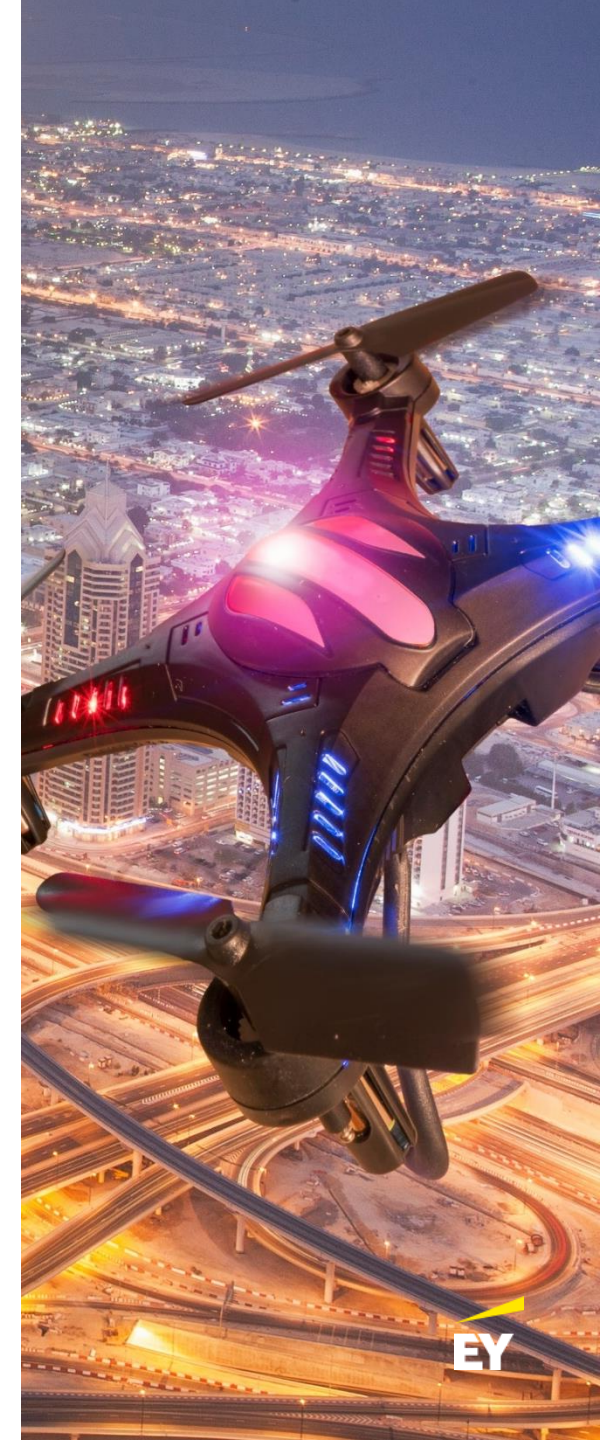
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## Annual filing

- Article 10 (3) - During the period from 1st to 31st December of each calendar year, an Entity must confirm electronically, to the Registrar its beneficial owners.

## Filing method

- The RoC had announced the introduction of an interim solution for a period of 12 months.
- The filing will be effected through Ariadni Portal.
- Companies that have e-flings codes can combine with Ariadne. Companies must have their own individual codes.



# Part II – Section 4

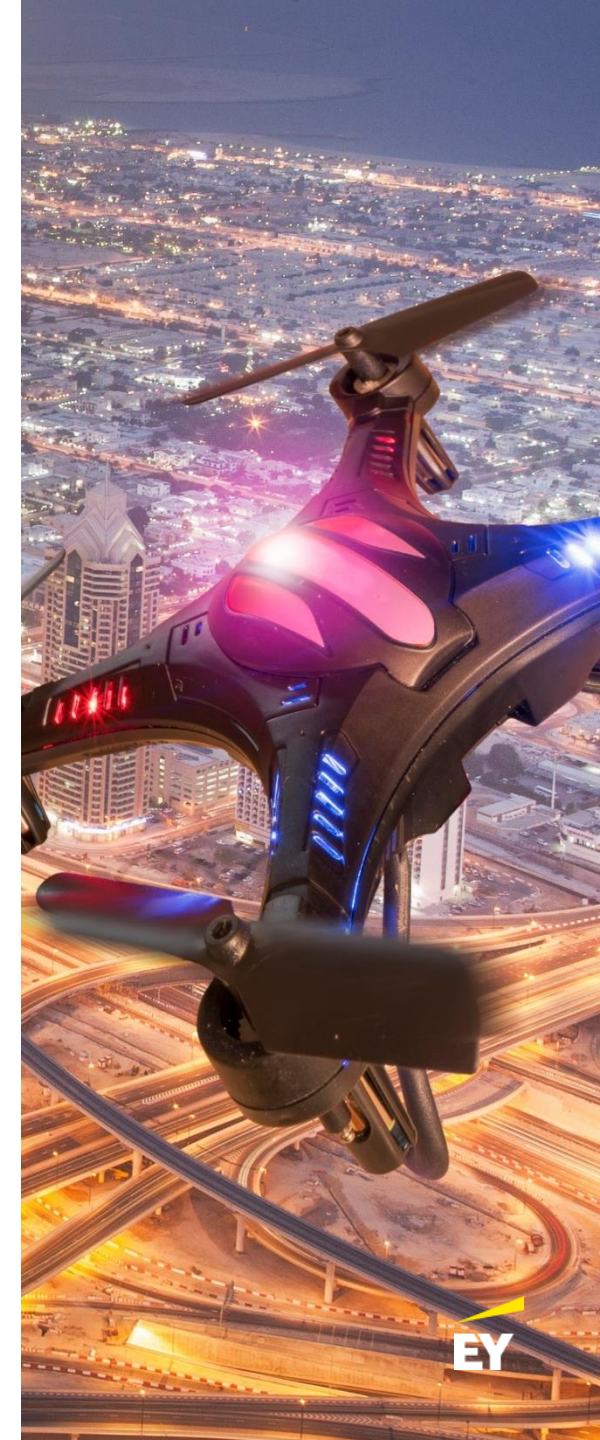
## Access to Public Registers



# Access to the Public Registers

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- Competent Supervisory Authorities, the FIU, Customs Department, Tax Department and the police will have fast and unlimited access without the submission of a fee and without notifying the Entity.
- Obligated Entities, in the context of conducting due diligence and identification measures for the client (as defined by the Law and for verification purposes – not reliance) will have access to the name, month and year of birth, nationality and country of residence of the beneficial owner as well as the nature and extent of the beneficial interest held following the payment of a fee (Euro 3,50)
- All members of the general public have access to the name, month and year of birth, nationality and country of residence of the beneficial owner as well as the nature and extent of the beneficial interest held following the payment of a fee (Euro 3,50)



# Access to the Public Registers

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## Note

For the interim 12 month period (as from the 16<sup>th</sup> March) access will be granted **only to** Competent Supervisory Authorities, the FIU, Customs Department, Tax Department and the police.

**The search function will not be available to obliged entities and members of the public for the interim period.**





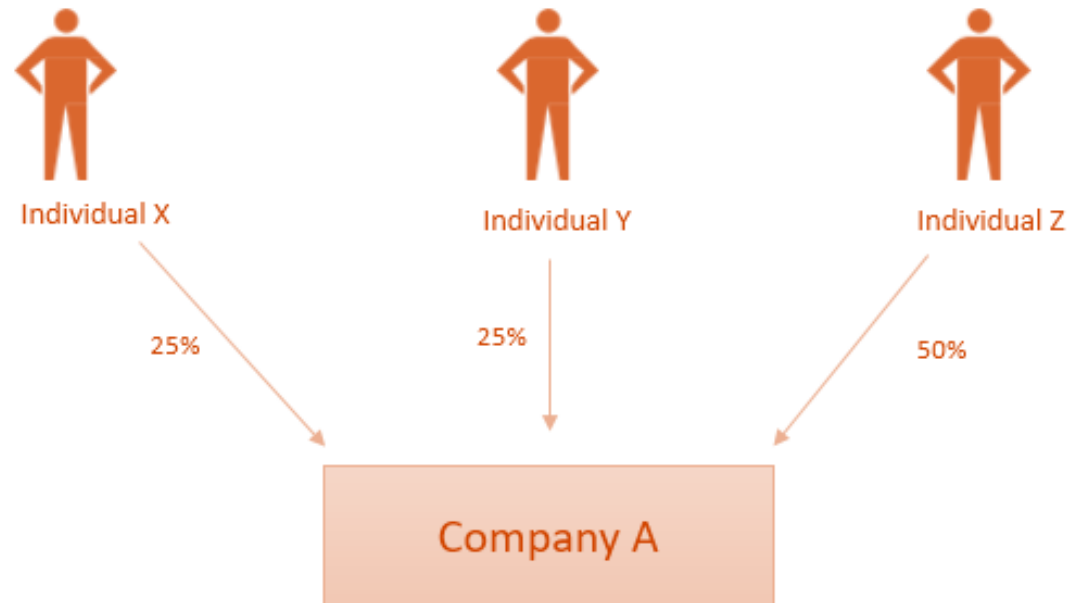
# Part II – Section 5

## Examples



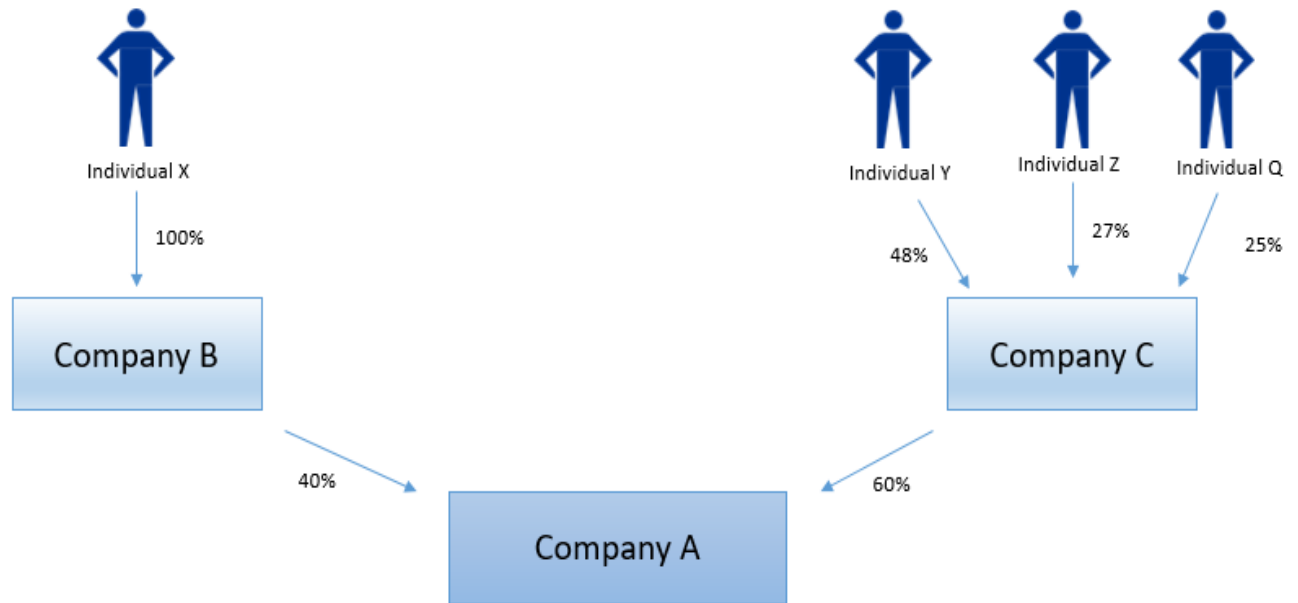
# Case number 1

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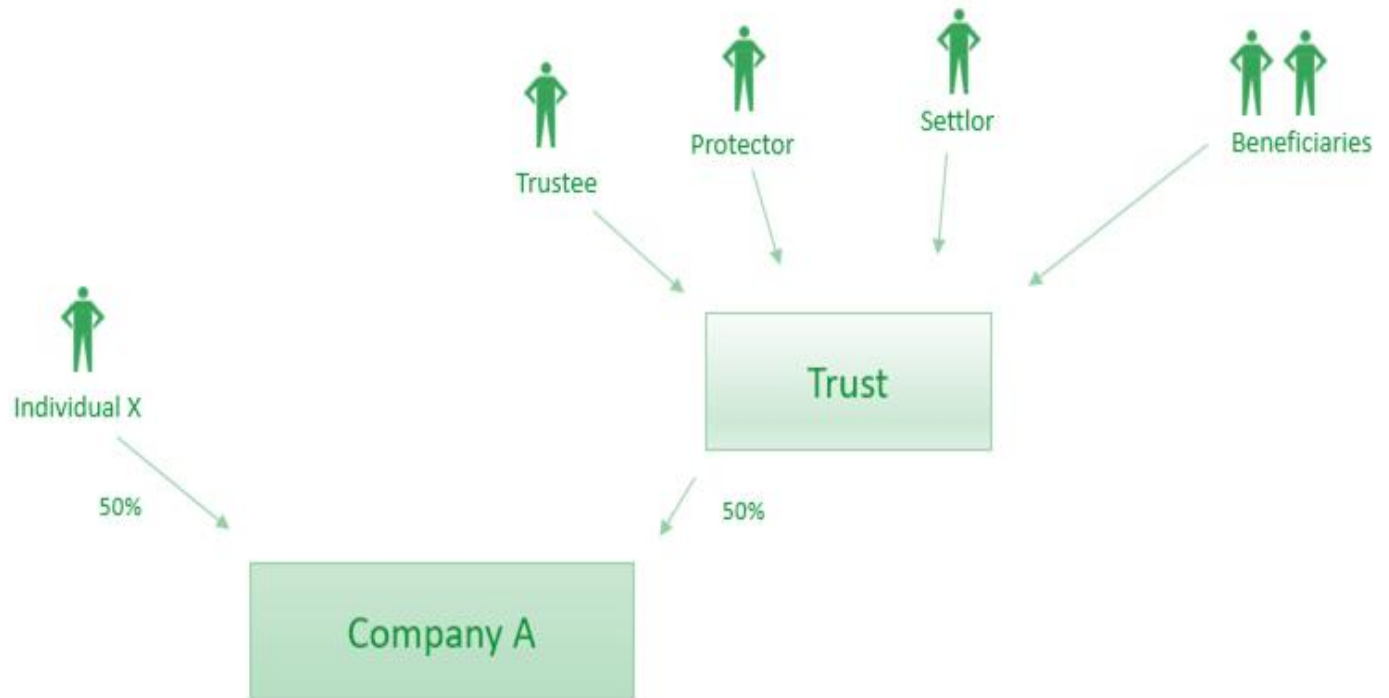


# Case number 2

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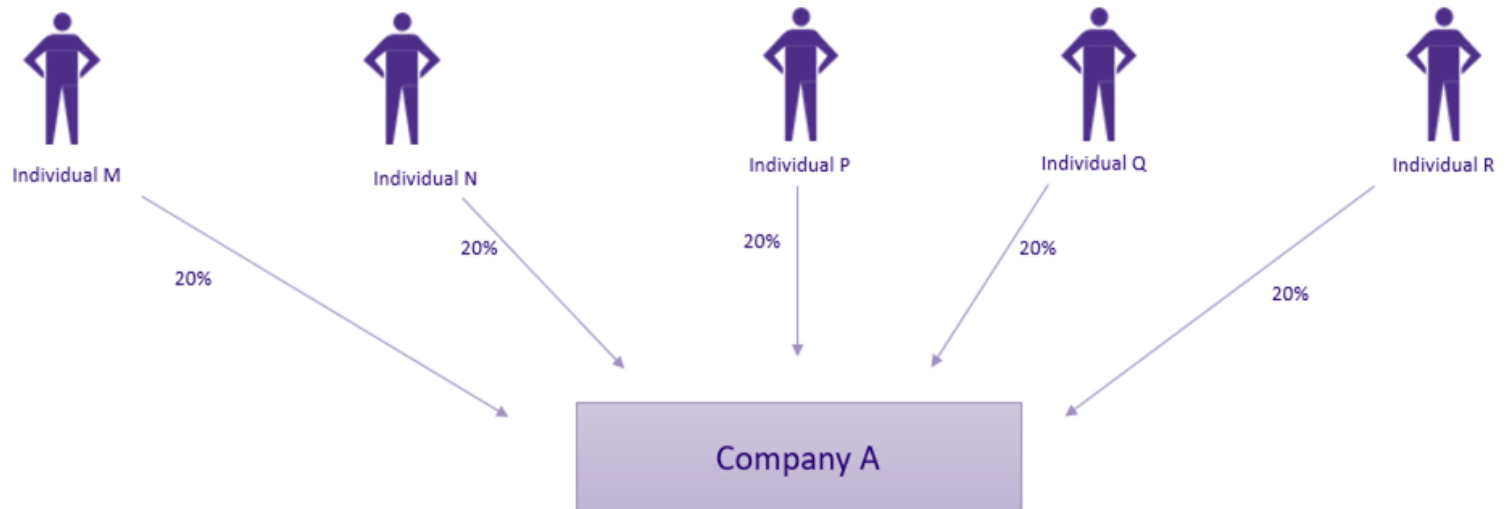


# Case number 3



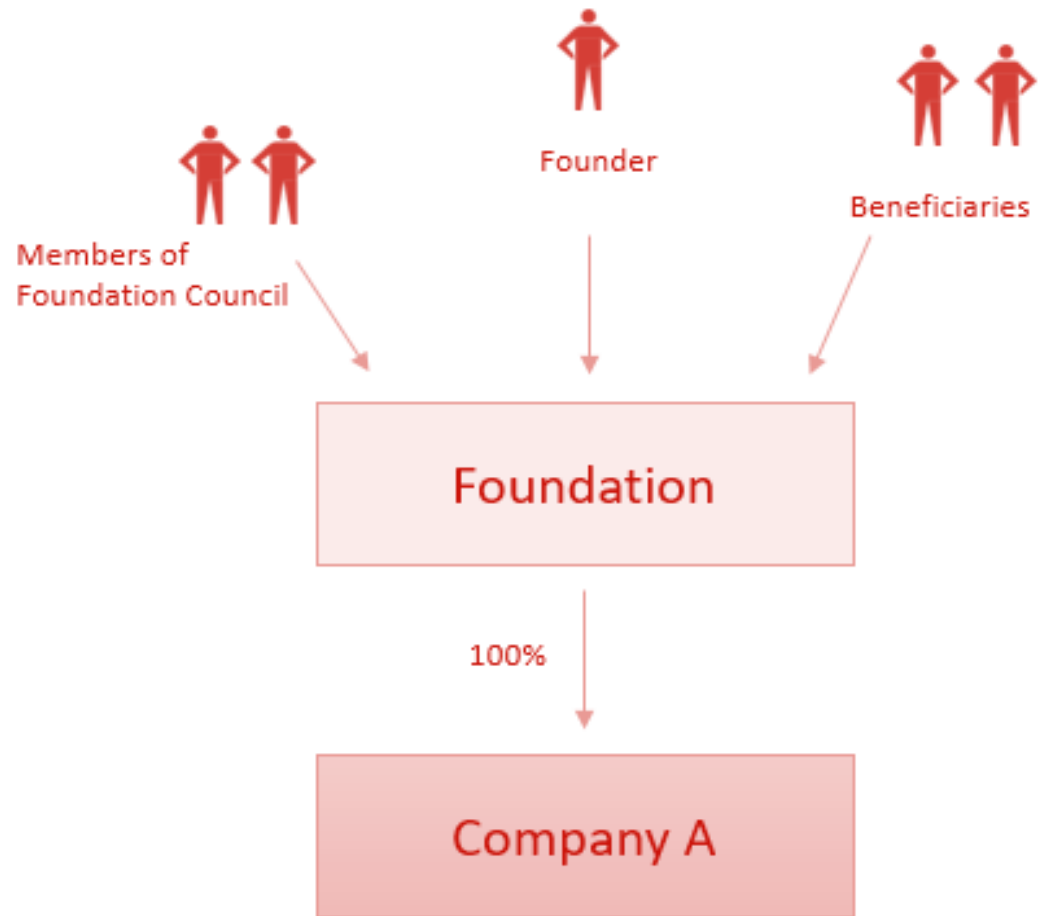
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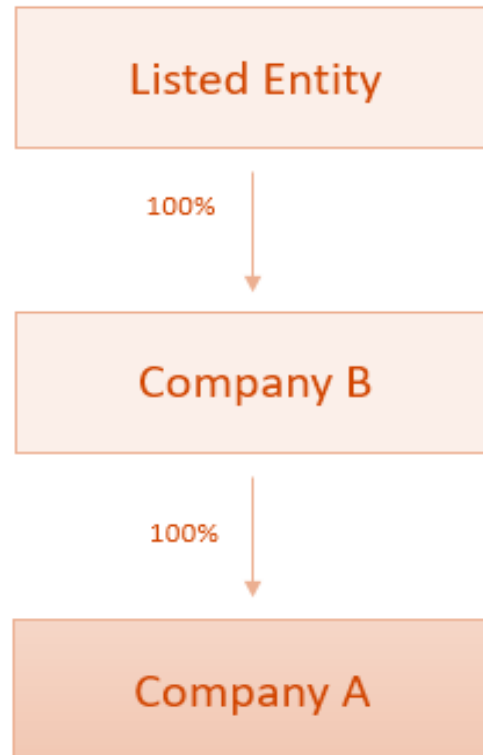
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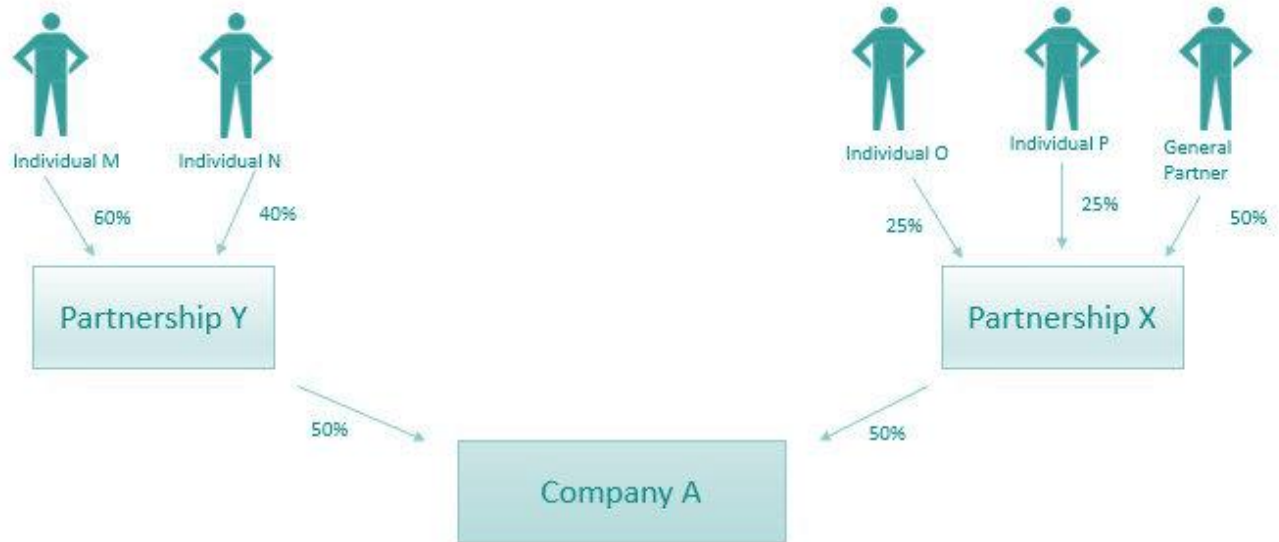


# Case number 6

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# Case number 7





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