

ALEXANDROS ECONOMOU
LLC

MEMORANDUM

From: Alexandros Stavros Yiallourous, Maria Katsikidou, Alexandros Economou

Date: 23 March 2021

Subject: **THE CYPRUS UBO REGISTER**

Introduction

Following the transposition of the Fifth AML Directive into the Prevention and Suppression of Money Laundering and Terrorist Financing Laws of 2007 to 2019 (the “**Law**”), which introduced the register of UBOs of companies and other legal entities accessible to the general public, the legislative regulations complementing the Law were approved by the Cyprus Parliament on 16 March 2021 (the “**Directive**”).

1. Who is a UBO?

An ultimate beneficial owner is a natural person (i) who ultimately holds or controls either directly and/or indirectly the legal entity and/or (ii) on whose behalf a transaction or activity is carried out, and includes at least the following persons:

(a) In respect of a legal entity: the person having the final ownership or ultimate control of the legal entity, directly or indirectly, in a sufficient proportion of the shares or voting rights or the ownership of that legal person.

A person has control over a company if they fulfil one or more of the following conditions:

- holding more than 25% of the shares in the company;
- holding more than 25% of the voting rights in the company;
- holding the right to appoint or remove the majority of the board of directors;
- otherwise exercising significant influence or control over the company.

(b) in respect of trusts:

- i) the settlor;
- ii) the trustee;

- iii) the protector, if any;
 - iv) the beneficiaries, or where the individuals benefiting from the legal arrangement or 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.
- (c) In respect of legal entities such as foundations and legal arrangements similar to trusts, the natural person holding a corresponding or equivalent position with a person holding more than 25% of the voting rights in the entity.

2. **Beneficial Ownership Registers**

The beneficial ownership registers formed and their openness to the general public are as follows:

- a) The Register of Beneficial Owners of Companies and Other Legal Entities (“**Public Registry**”) is kept by the Registrar of Companies and is open to the public.
- b) The Register of Trusts and Similar Legal Arrangements is kept by the Cyprus Securities and Exchange Commission. The register is not readily open to the general public; it is accessible only to those who can prove a legitimate interest in having the relevant information disclosed to them.
- c) The Register of Legal Bodies, other than those registered with the Registrar of Companies, such as clubs, federations, and unions. This register is kept by the General Commissioner and is open to the public.

This memorandum focuses on the Public Registry and the Directive.

3. **What information must be collected?**

The information that must be collected and recorded in the Public Registry are:

- a) Passport/ID ;
- b) The nature and extent of the beneficial ownership owned by the natural person, either directly or indirectly, whether by shareholding, voting rights and/or substantial influence as a controlling person;
- c) The date he/she became the beneficial owner;
- d) The date of any change/termination to the beneficial ownership.

(the “**Information**”)

4. Who is responsible to submit to the Public Registry?

The company and its officers (i.e. the director and secretary, “**Officers**”), must take all reasonable steps for the purpose of securing sufficient, clear and updated information on the beneficial owners and keep those records at the company’s registered office.

It is noted that the beneficial owner has an obligation to keep the company updated by sending a written notice within 15 days of any change or of any information that reasonably indicates a change of beneficial ownership.

If the company has reasonable grounds to believe that the Information it holds/received are inaccurate, it may, by written notice, request an update from the beneficial owner; the beneficial owner has 15 days within which to reply, failure of which may result in penalties. In addition, the beneficial owner has an obligation to keep the company up-to-date (by written notice within 15 days) of any change or of any facts that reasonably indicate that a change has occurred.

5. When must the Information be submitted?

The Information must be submitted electronically within 6 months as from 16 March 2021.

For newly incorporated companies, the Information must be submitted within 30 days from their incorporation.

Amendments/changes must be submitted within 14 days from the day they were brought to the attention of the company/Officers.

Lastly, the company and its Officers have an annual obligation to confirm the Information.

6. Exempted entities:

The Law does not apply to companies and/or legal entities that:

- a) are registered in a regulated market and that are subject to notification requirements set by EU laws;
- b) are subject to international registries that secure transparency of property information;
- c) are in the process of liquidation or strike-off that was submitted before 16 March 2021.

7. Access to the Public Registry:

The Register is directly accessible, without notifying the company and at no restriction and cost, to Regulatory Authorities, Tax Authorities, the Police and the Customs Authorities (all as defined in the Law).

A§E

All else who wish to obtain access to the Register must pay a fee of €3.50. The accessible Information under this category is limited to the name, date of birth, nationality, country of residence and the controlling rights.

8. Notable Exceptions

Access to the Information may be limited to the public in order to protect the beneficial owner from potential fraud, kidnapping, blackmail, extortion, harassment, violence, or intimidation.

For such exemption, an application with supporting evidence must be filed with the Registrar of Companies.

9. Penalties imposed:

Failure to comply with the submission of Information by the company and its Officials, may result to:

- i) Criminal liability, punishable with imprisonment of up to 1 year and/or a fine that does not exceed €100,000;
- ii) Administrative penalties- this includes a fine of €200 plus €100 for each day the infringement continues, capped at €20,000.

10. How long is the Information kept?

The Information recorded in the Public Registry is kept for a period of 10 years from the date of de-registration of the company from the registry of the Registrar of Companies. For regulatory and/or criminal investigations, the period is limited to five years.

Disclaimer: This Memorandum is intended for general information purposes only and should not be construed as legal advice or legal opinions on any specific facts or circumstances. An attorney-client relationship is not created or continued by sending and/or receiving this Memorandum. Alexandros Economou LLC will be pleased to provide further information regarding the matters discussed in this Memorandum.