

Date: 8th of March, 2021

Amendments to the ‘Prevention and Suppression of Money Laundering and Terrorist Financing Law’ in Cyprus, the ‘5th AML Directive’ (EU) 2018/843

This is to inform you that on the 18th of February 2021 the Cyprus House of Representatives has voted for the enactment of the **Prevention and Suppression of Money Laundering and Terrorist Financing (Amending) Law of 2021** (the ‘**Amending Law**’), amending the Prevention and Suppression of Money Laundering Activities Law of 2007 (188(I)/2007) (the ‘**Law**’). to harmonise with the provisions of the EU Directive 2018/843 (the ‘**5th AML Directive**’).

The amendments implemented to the Law were published in the official gazette of the Republic of Cyprus on 23rd of February 2021¹.

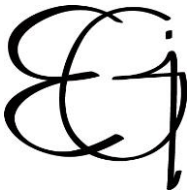
KEY ELEMENTS/ AMENDMENTS

1) CRYPTOASSET SERVICE PROVIDERS

The service providers of cryptoassets dealing with exchanges between cryptoassets or exchanges between cryptoassets and fiat currencies or offering wallet custodian and other financial services for cryptoassets as these are defined by Law (and its amendments from time to time), have been included now among the obliged entities who are regulated and are subject to the AML Law.

The service providers of cryptoassets must be registered in the registry to be launched and maintained by the Cyprus Securities and Exchange Commission (the ‘**CYSEC**’). They should be licensed to operate prior submission and approval from CYSEC. Once they are approved and registered, they will be able to offer such services in Cyprus and/or from Cyprus.

¹[https://www.mof.gov.cy/mof/gpo/gpo.nsf/All/6BA67AF54D96CDAEC22586850048CA44/\\$file/4809%2023%202%202021%20PARARTHMA%201o%20MEROS%20L.pdf](https://www.mof.gov.cy/mof/gpo/gpo.nsf/All/6BA67AF54D96CDAEC22586850048CA44/$file/4809%2023%202%202021%20PARARTHMA%201o%20MEROS%20L.pdf)



"... providers engaged in exchange services between virtual currencies and fiat currencies and custodian wallet providers...", taken from the Law as amended.

2) REGISTER OF CRYPTOASSETS BY CYSEC

CYSEC will hold the register of the services providers of cryptoassets and such register will be available to the public. Approval to the service providers shall be given, with Cysec's prior consent provided they file an application for obtaining such approval.

3) ART DEALERS AND WAREHOUSES PROVIDING STORAGE SERVICES FOR WORKS OF ART

The Art Dealers and Warehouse providers of storage services for works of art are now defined under the term of obliged entities.

*'[...] (i) persons **trading or acting as intermediaries in the trade of works of art** if the value of the transaction or a series of linked transactions is EUR 10.000 or more and*

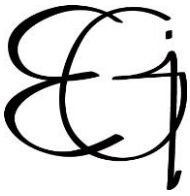
*(ii) persons that **own or operate warehouses providing storage services for works of art** if the value of the transaction or a series of linked transactions is EUR 10.000 or more. [...]' taken from the Law as amended.*

4) TAX ADVISERS

This applies to persons whose business activities or professional background is directly or indirectly related to them, for provisions of assistance, aid or advice in the aspect of taxation. There is a broad expansion according to the Amending Law as to the definition of a tax advisor.

5) REAL ESTATE AGENTS

The Real Estate Agents were already acting under the provisions of the Law but with the Amending Law they are required to comply with the AML Law in cases where they act as intermediaries in the rental or real estate, but only in trades in which the monthly rent is EUR 10,000 or more.



6) PERSONS TRADING IN GOODS OR PROVISION OF SERVICES

Persons trading in goods or provide services are considered as being obliged entities and should act under the provisions of the Amending Law when their financial transactions are made in cash and reach EUR 10.000 or more.

7) BENEFICIAL OWNERSHIP REGISTERS

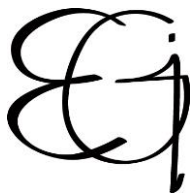
Beneficial Ownership Registers are established for permitting access to the public. The EU companies have an obligation to have available the information regarding the Beneficial Owner(s) of a Company and must be recorded in the relevant registry.

The Registers expected to be publicly available are:

- **Companies' Register** kept with the Registrar of Companies and Official Receiver. The register will contain specific information and should be available to the public and competent authorities, as defined in the Amending Law;
- **Express Trusts** and **Similar Legal Arrangements Register** will be kept with CYSEC. The register will be private and will not be publicly available. However, an access can be granted if there is proof of legitimate interest and are authorized to receive such information, as defined in the Amending Law; and
- **Register of legal bodies**, this register relates to clubs, foundations, federations, and unions. This register will be kept with the General Commissioner. This register is publicly available with the information, as defined in the Amending Law.

8) CREATION OF ELECTRONIC REGISTRY OF BANK ACCOUNTS, PAYMENT ACCOUNTS AND SAFE BOXES

The Central Bank of Cyprus (the 'CBC') will hold and maintain the electronic register of bank accounts, payment accounts and safe boxes including information in relation to owners and users of bank accounts opened with the banking institutions. Identification Verification of its clients will be permitted by electronic means through this registry.



9) ELECTRONIC MONEY PAYMENTS

It was upon the discretion of the obliged entities for proceeding with Clients Due Diligence (the '**CDD**') procedures for the identification and verification of electronic money transactions, via cards provided that such financial instruments (and/or payment instruments) are not prepaid cards or may be used for the execution of payments with maximum monthly limit of EUR 150,00, and the maximum amount stored electronically remains below EUR 150,00. The maximum limit was EUR 250,00 and changed to EUR 150,00.

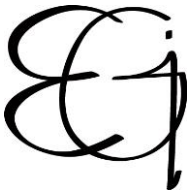
The discretion provided previously for CDD was abolished in the event of redemption or cash withdrawal when the electronic money value exceeds EUR 50,00 or in the event of online payments. The maximum limit was EUR100,00 and changed to EUR 50,00.

10) HIGH – RISK THIRD COUNTRIES

It is compulsory to perform Enhanced Due Diligence (the '**EDD**') when dealing with or transacting with High- Risk Third Countries. Such countries are considered to have as having a deficiency in their anti-money laundering and counter-terrorism financing frameworks. The European Commission has adopted a list with these third countries. All the obliged entities under the Amending Law are obliged to proceed with EDD when working with these third countries for the prevention of Money Laundering (the '**ML**') and Terrorism and Finance (the '**TF**').

11) POLITICALLY EXPOSED PERSONS ('PEPs')

The Amending Law has enacted a new provision in relation to the identification of PEPs, such persons must be identified through particular public functions. All EU Member States are required to prepare and provide a list of the exact public functions in their countries that qualify a prominent public function for the correct identification of PEPs. The International Organizations of a Member State will also prepare and update the list as to what constitutes '**prominent public functions**'. The list will be submitted with the European Commission and will be publicly available.



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12) ENHANCED COOPERATION BETWEEN SUPERVISORY AUTHORITIES

The enactments in the Amending Law enhances the major target of this legal reform to succeed a unite exchange information cooperation system between the Financial Intelligence Units' (the '**FIUs**') of its Members States and internationally; and inter alia to assign information to the European Central Bank for the prevention of ML and TF.

SCOPE OF THE LEGAL FRAMEWORK/ OBSERVATIONS

Therefore, the Amending Law and the 5th AML Directive have two targets: 1) to put a legal framework in respect to financial transaction and expand the meaning of obliged entities that fall into these transactions with their statutory compliance; and 2) create a unified access portal system for the cooperation of all FIUs internationally by accessing information and data. Finally, to centralize banks and succeed a financial stability by the prevention of ML and TF.

Please contact us for any assistance.

Sincerely,

EOJOURIAN & GEORGIUO LLC

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