

Date: 15<sup>th</sup> of March 2021

## **Guidance for the Interim Solution of the Beneficial Ownership Register under the Registrar of Companies and Official Receiver in Cyprus**

On 20<sup>th</sup> May 2015, The European Council issued the 4<sup>th</sup> Anti-Money Laundering Directive (EU 2015/849) of the European Parliament (the “**4<sup>th</sup> AML Directive**”) that brought a new requirement for Member States to maintain a **Central Register of Beneficial Owner(s) (UBO(s))**).

In 2018, the European Council issued the 5<sup>th</sup> Anti- Money Laundering Directive (EU 2018/843) which amended the 4<sup>th</sup> Anti-Money laundering Directive. Under the revised provisions, EU Member States were required to launch publicly accessible registers of beneficial ownership of companies (the “**5<sup>th</sup> AML Directive**”).

The 5<sup>th</sup> AML Directive was transposed under the Prevention and Suppression of Money Laundering Activities Laws of 2017-2021 (the “**Cyprus Law**”) on 23 February 2021 whereby companies and legal entities that are incorporated in Cyprus must have and hold accurate and updated information of the beneficial owners of their companies, as well as details of the beneficial interests they hold.

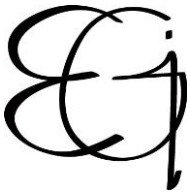
In light of the above, the Registrar shall now maintain and publish exclusively in an electronic format the information regarding the Beneficial Owner register. Filing of beneficial ownership details with the BO register will be performed by entering the required information for each beneficial owner through an on-line portal. There are no paper forms to be submitted or any filing fee.

The above **shall apply** to the following entities:

- ✓ Companies incorporated in Cyprus and registered under the Companies Law Cap.113 (“Cap.113”)
- ✓ European Public Limited Liability Companies.

The above **shall not apply** to the following:

- ✓ Companies listed on a regulated market that is subject to the disclosing requirements that are consistent with the Union Law;
- ✓ Companies that have already applied to be Struck Off as per Article 327 (2A) of Cap.113 prior to the application of the Directive.
- ✓ Companies that are under liquidation whereby the liquidation process took place prior to the application of the Directive; and
- ✓ Overseas Companies



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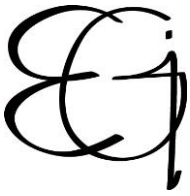
**Information to be filed with the Registrar of Companies for each natural person/UBO**

- ✓ Name, surname, date of birth, nationality and residential address;
- ✓ 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;
- ✓ Identification document number indicating the type of document and the country of document issuance (Identity card or passport);
- ✓ Date on which the natural person was entered in the register as beneficial owner; and
- ✓ 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 cases where the shareholding structure of a Cyprus Entity registered in the Republic, leads to either a *Trust/s*, or a *Foundation/s*, or any other similar legal arrangements or listed companies as beneficial owner(s), the information to be submitted in the BO register shall be 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; and
- ✓ 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. In case 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.

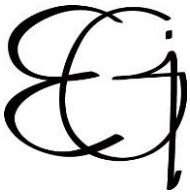
*\*It is to be noted that the responsibility lies with the Entity and its official for the submission of such information.*



### **Who is considered a Beneficial Owner?**

According to the Cyprus Law, a Beneficial Owner shall mean a 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:

1. If a corporate entity:
  - (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. 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;
  - (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;
2. In the case of trusts:
  - (i) the settlor;
  - (ii) the trustee(s);
  - (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;
3. In the case of legal entities such as foundations, and legal arrangements similar to trusts, the natural person(s) holding equivalent or similar positions to those referred to in point (2).



### **When to file?**

The collection of the required data shall commence from the 16<sup>th</sup> March 2021 for a period of 6 months (the “**Interim Solution**”) and shall give to all existing entities time to submit their UBOs data in the system. In cases where there is a change of the information of a Beneficial Owner, the entity shall within fourteen (14) days from the change, file the said changed to the register and any information regarding the new Beneficial Owner or file any change of details of an existing Beneficial Owner.

Any entity that is registered from the 16<sup>th</sup> of March and onwards, must within thirty (30) days from the incorporation date, file electronically to the Beneficial Owner Registry, any and all information in respect to each of their beneficial owner(s).

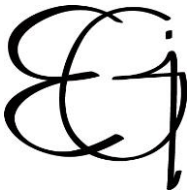
From the 1<sup>st</sup> of December to the 31<sup>st</sup> of December of each calendar year, an Entity must confirm electronically, to the Registrar its beneficial owners. It is noted that this requirement cannot be implemented via the interim solution. It will be implemented with the final system solution to be developed and entities will be informed accordingly by the Registrar.

Any information regarding the Beneficial Owner(s) shall lie with the Entity and any of its officials. Non-compliant entities and their officers shall be fined and penalised accordingly. It is to be noted that no fines shall be imposed during the 6-month interim solution period.

### **Who shall have access?**

The register will become publicly available according to the provisions of the Cyprus Law. The following persons shall, in any case, have access to the information concerning the beneficial owner(s) through the electronic register:

- ✓ Competent Supervisory Authorities,
- ✓ The Financial Intelligence Unit (FIU)
- ✓ the Customs Department,
- ✓ the Tax Department and
- ✓ the Police have fast and unlimited access without the submission of a fee and notifying the Entity;
- ✓ Obligated entities, in the context of conducting due diligence and identification measures for the client as defined in the Law have access to the name, month and year of birth, nationality and country of residence of the Beneficial Owner as well as to the nature and extent of the beneficial interest held, following payment of three euros and fifty cents (€3,50) fee, per Entity;
- ✓ 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 payment of three euros and fifty cents (€3,50€) fee, per Entity.



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It should be noted, that for the interim solution access to the Beneficial Owner's information will be granted **ONLY** to Competent Supervisory Authorities, the FIUs, the Customs Department, the Tax Department, and the Police, having full and unrestricted upon the submission of a written request to the Registrar of Companies. This means that for the interim solution the search facility will not be available to obliged entities and any member of the general public.

**What happens when a discrepancy exists?**

In cases where the information provided to the Registrar of Companies regarding the beneficial owners is inconsistent with the information the competent authorities and/or obliged entities have in their records. Should there any discrepancies occur, any of the aforementioned authorities and/or entities must submit all the relevant documents and relevant information evidencing such discrepancy.

For the interim solution, the discrepancy report will be implemented only for Competent Supervisory Authorities the FIU, the Customs Department, the Tax Department, and the Police, upon written request to the Registrar of Companies.

Please contact us for any clarifications or assistance.

Sincerely,

EOJOURIAN & GEORGIUO LLC

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