

Newsletter Companies Central BO Register



The Cyprus AML Law 188(I)/2007 has been recently amended for the purposes of introducing into local law the provisions of the 5th AML Directive 2018/843.

The Law provides, inter alia, for the establishment of two central registers of beneficial owners (“BOs”), one with regards to BOs of companies and other legal entities (the “Companies Central BO Register”) and one with regards to BOs of express trusts and similar legal arrangements (the “Trusts Central BO Register”).

The Companies Central BO Register will be kept by the Registrar of Companies and the Trusts Central BO Register will be kept by Cyprus Securities and Exchange Commission (CySEC).

On 12 March 2021, the Registrar of Companies issued Directive K.Δ.Π. 122/2021 and a Practical Guidance Manual on the basis of which, the Companies Central BO Register is being launched on 16th March 2021. CySEC has not yet made any announcements in relation to this matter.



WHAT information should be registered?

Every company and its officers (including directors and secretary) must obtain and keep at the registered office adequate and current information about their BOs i.e. effectively individuals i.e. natural persons who directly or indirectly have an interest in 25% plus one share of the issued share capital of the company or if no such person is identified, the senior management official.

Every company and its officers must submit electronically the following information to the Companies Central BO Register:

Where BO is a natural person

Name, surname, date of birth, nationality and residential address and identity card or passport.
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.

Where the structure leads to a Trust, Foundation, Listed company

Name of Trust (or Foundation or other similar legal arrangement or Listed company), registration number (if any), country of jurisdiction and business address (not applicable to Trust).
Nature and extent of the beneficial interest held directly or indirectly by the Trust, Foundation or other similar legal arrangement or Listed company (as above).

Where no BO is identified

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 of 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.



WHEN to register?

Every company and its officers must submit electronically the above information to the Companies Central BO Register not later than 6 months from the date of launch of the Companies Central BO Register (which as per the announcement of the Registrar of Companies commences from 16th March 2021).

For companies incorporated on or after the 12th March 2021, filing of the above information to the Companies Central BO Register must be completed within 30 days from incorporation.

Companies and their officers must file any changes to their BOs to the Companies Central BO Register within 14 days from the date when they came to know of such change.

Companies and their officers must confirm annually (during the period of 1st December to 31st December of each year) to the Registrar of Companies the information registered for their BOs.



Liability

Non compliance with the above obligations would give rise to criminal liability and administrative fines making the company and its officers liable to pay Euro 200 plus Euro 100 for each day of non compliance capped at Euro 20.000.

An officer shall not be subject to an administrative fine if he/she had applied due diligence for compliance and the breach is not a result of his/her inaction or omission.

No penalties will be imposed during the first 6 months from the date of the Companies Central BO Register's launch.



ACCESS to the Companies Central BO Register

The following shall have access to the information filed to the Companies Central BO Register:

- a) Competent Supervisory Authorities (such as ICPAC and Cyprus Bar Association), the FIU, the Customs Department, the Tax Department and the Police;
- b) Obligated entities e.g. banks and service providers, when conducting KYC shall have access to the name, month and year of birth, nationality and country of residence of the BO and the nature and extent of their interest,
- c) The general public shall have access to the name, month and year of birth, nationality and country of residence of the beneficial owner and the nature and extent of their beneficial interest.

A BO may file a written request (duly accompanied by supporting evidence) to the Registrar of Companies seeking restriction to access of his information by obliged entities or the general public on the basis that such access would expose him to disproportionate risk of fraud, kidnapping, blackmail, extortion, harassment, violence or intimidation or where the BO is a minor or otherwise legally incapable.

During the transitional period (at least for the first 6 months from launch of the Companies Central BO Register) access to the BO information will be granted ONLY to Competent Supervisory Authorities, the FIUs, the Customs Department, the Tax Department and the Police, upon submitting a written request to the Registrar of Companies (no electronic search facility will be available).

Exempted companies

The obligation to file BO information to the Companies Central BO Register does not apply to:

- Companies listed on a regulated market which are subject to disclosure requirements consistent with EU law;
- Companies which are subject to equivalent international standards which ensure adequate transparency of beneficial ownership information;
- Companies for which a strike off application has been filed or liquidation has commenced before 12th March 2021; and
- Overseas companies (on the basis of guidance issued by the Registrar of Companies).



The Take Away point

- Companies and their officers have an obligation to obtain and hold at the registered office and to file information about the companies' BOs to the Companies Central BO Register within the next 6 months.
- Any companies whose holding structure leads to trusts, foundations, other similar arrangements or listed companies will only file the name and other limited information about the trust, foundation or listed company.
- During the transitional period, only competent authorities will have access to the register, on the basis of written requests (no electronic search facility).



Let's talk

Our team of experts are ready to take you through the new provisions of the Law and the relevant directive issued by the Registrar of Companies and to help you to comply.



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