



Enhancing Transparency and Trust: the UBO Registry is now a reality

Strengthening and enhancing transparency and trust in all transactions taking place in Cyprus have always been two of the most important aims of the Cyprus government and the business community, in order to render the island into a hub for investment, business and innovation. The establishment of a centralized register of beneficial owners (“UBO”), in accordance with the provisions of The Prevention and Suppression of Money Laundering and Terrorist Financing Laws from 2007 to 2019 (the “AML Law”) and the European AML Directives, has been a key factor in achieving these aims. With the decision of the Cyprus Council of Ministers on 16/12/2020, the long discussions around the establishment of the UBO Register took flesh and bones.

By its decision, the Cyprus Council of Ministers resolved to appoint the Registrar of Companies and Official Receiver of the Ministry of Energy, Commerce, and Industry, as the competent authority for the maintenance of the Central Register of Beneficial Ownership of companies and other legal entities in Cyprus. The Registrar of Companies and Official Receiver, has thus been authorised to collect all relevant information and has now declared the 22nd of February 2021 as the date of commencement of the collection of data for companies and other legal entities.

For the purposes of the implementation of this data collection, the Department of the Registrar of Companies and Official Receiver introduced an intermediary procedure. This procedure requires all companies and other legal entities incorporated in the Republic to submit adequate, accurate and

current information in relation to their beneficial ownership within six months on a central platform. However, for the first six months, the platform would only be accessible by Competent Authorities (i.e. the Police, the Inland Revenue, etc.) upon application to the Registrar of Companies and Official Receiver.

Upon the lapse of this six-month grace period, a final platform is expected to be established by the Registrar of Companies and Official Receiver in accordance with the provisions of the Fifth Anti Money Laundering Directive (Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018) (the “Directive”). All data that would be submitted to the central platform during the first six months, would be transferred to the central platform, which, pursuant to the Directive and section 61A of the AML Law, would be accessible to:

- (A) Competent Authorities (such as the Customs and Excise Department, the Inland Revenue and the Police) and EU financial intelligence units, without any restrictions;
- (B) Certain specific professionals who are obliged to conduct customer due diligence under the AML Law, such as banks, lawyers, provided that data collected from the UBO Register would be examined on a risk-based approach;
- (C) A person or organisation who can demonstrate a legitimate interest, namely an interest of a person in relation to the combating of money laundering, terrorist financing and related predicate offences. Such person or organisation would have access to the name, the month and year of birth, the nationality and the country of residence of the UBO, as well as the nature and extent of the beneficial interest held and provided that such information would only be accessible in accordance with the provisions of the Processing of Personal Data (Protection of the Individual) Law.

It is important to note that the AML Law provides that exemptions on a case by-case basis may be granted to the access to all or part of the information on the beneficial ownership, where such access would expose the UBO to the risk of fraud, kidnapping, blackmail, violence or intimidation, or where the beneficial owner is a minor or otherwise incapable.

While detailed regulations and guidance is expected to be issued by the Department of the Registrar of Companies and Official Receiver on the data that would be collected and the exact process and accessibility to the central platform, it is worth noting that by this important decision, the Cyprus Council of Ministers moved from ambition to action. The UBO registry is therefore here to enhance transparency and constitutes another reason for considering Cyprus as a place of establishment or relocation.