

CyTBOR is now operational

The Cyprus Trusts Beneficial
Ownership Registry



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Following the introduction of the Beneficial Owners Register last year, in accordance with the provisions of the Directive on the Prevention and Suppression of Money Laundering and Terrorist Financing (Regulatory Administrative Act 257/2021) (the “Directive”) and in an attempt to enhance transparency in relation to the ownership and control of legal entities, on 13 May 2022 the Cyprus Securities and Exchange Commission (“CySEC”) announced the launch of the online platform for the Cyprus Beneficial Ownership Register of Express Trusts and Similar Legal Arrangements (“CyTBOR”). The CyTBOR became operational on 17 May 2022.

As per the provisions of the law on the Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2007 (as amended) (the “Law”), which transposes the Directive into national legislation, the competent person shall submit an application for registration in the CyTBOR. The procedure to be followed depends on each specific case as follows:

- a. A trustee of an express trust or the person holding an equivalent position in a similar arrangement, who is established or resides in the Republic of Cyprus to submit an application for registration in CyTBOR within fifteen (15) days from the date of appointment.
- b. A trustee of an express trust or the person holding an equivalent position in a similar arrangement, who is established or resides outside the European Union (“EU”) and enters into a business relationship or acquires immovable property in the name of an express trust or similar legal arrangement in the Republic of Cyprus, must submit an application for registration in CyTBOR within fifteen (15) days from the date of establishing the business relationship or acquiring the immovable property.
- c. A trustee of an existing express trust or a person holding an equivalent position in an existing similar legal arrangement, must submit an application for registration in CyTBOR the soonest.

However, the Law provides that express trusts and similar legal arrangements are, in certain circumstances, exempted from the obligation to register, provided that a certificate with evidence of registration or extract of information of the beneficiary from the register of another EU member state is provided.



The information to be filed in the CyTBOR relate to the express trusts or the similar legal arrangements and would include inter alia the name of the trust/similar legal arrangement, the country and date of incorporation, the applicable law, etc, as well as information in relation to the Beneficial Owner/s of express trusts or similar legal arrangements; namely the Trustee, Settlor, Protector, Beneficiaries and any other physical person exercising final control of the trust through direct or indirect ownership or by other means. Such information in relation to the beneficial owner(s) would include inter alia their name and surname, date and place of birth, nationality, residential address, identification document and relevant information, the date on which such natural person became beneficial owner, the nature and extent of the rights which are directly or indirectly held by each beneficial owner and their role in the express trust or similar legal arrangement, etc.

In cases where the beneficiary of a legal arrangement or legal entity has not yet been determined, a description of the class of beneficiaries and its members and the nature and extent of the interest of each class of beneficiaries shall be disclosed. Additionally, in cases where the settlor, trustee, protector, beneficiaries, or in case the persons being beneficiaries have not yet been determined and the category of persons for the benefit of which the trust has been established or operates is a legal person, the information that will need to be disclosed shall include the name, type and registration number of the legal person, its date and country of incorporation, its registered office address, its role in the express trust or in the similar legal arrangement, information concerning category of ultimate beneficial owners as well as any other information and/or supporting documentation requested by CySEC for identification purposes of the beneficial owners.





Whereas on the date of commencement of the operation of the CyTBOR, access thereto was only available to trustees of express trusts or persons holding equivalent positions in similar legal arrangements that were expected to submit relevant information and trustees of existing trusts or persons holding equivalent positions in similar legal arrangements who were also expected to submit relevant information the soonest, as of 17 June 2022, access to CyTBOR is now also available to:

- (a) the competent supervisory authorities, tax authorities, the customs department, the unit for combating money laundering (MOKAS), and the police;
- (b) supervised/obliged entities within the context of conducting client due diligence and identification procedures;
- (c) any legal or natural person that, upon the submission of an application to CySEC, proves a legitimate interest; and
- (d) any legal or natural person that submits an application to CySEC in relation to an express trust or a similar legal arrangement holding or having in its control, controlling interest in a company or other legal entity, either through a direct or indirect ownership status, or through bearer shares or through control with other means.

It shall be noted that in case of failure of the trustee of an express trust or the person holding an equivalent position in a similar legal arrangement to provide information in order to register a trust or similar legal arrangement to CyTBOR, the Law empowers CySEC to impose a penalty of two hundred euros (€200) and a further penalty of one hundred euros (€100) for each day of continuation of the omission with a maximum penalty of twenty thousand euros (€20,000). Additionally, if CySEC deems for any reason that any of the information or details or documents or forms provided are incorrect and/or incomplete and/or false, CySEC may suspend the registration of an express trust or similar legal arrangement in the CyTBOR for a time period deemed necessary according to paragraph 9 of the Directive.

In case the CySEC suspends the registration, it shall serve a notice to the trustee of an express trust or the person holding an equivalent position in a similar legal arrangement setting a deadline of fifteen (15) days for the correction of the relevant information and/or the provision of explanations to the CySEC.

The trustee of an express trust or the person holding an equivalent position in a similar legal arrangement shall inform CySEC of its compliance. CySEC shall then decide whether to continue or not the suspension of the registration.

It is provided that the suspension or not of the registration and/or the continuation or lifting of the suspension of registration, shall not prejudice CySEC's right to take further action according to section 61C(9) of the Law. Finally, in the event that a person does not comply with and/or infringes the provisions of section 61C of the Law or the Directive, CySEC may take all or any of the following measures: (a) Impose a penalty not exceeding five hundred thousand euros (€500,000) and in the event of a recurrence of the infringement one million euros (€1,000,000), depending on the importance of the infringement; and (b) Suspend the registration of or delete an express trust or similar legal arrangement from the CyTBOR.

Therefore, with the introduction of the operation of the CyTBOR, it is now necessary for express trusts and other similar arrangements to comply with the obligations imposed by the Law for disclosure of necessary information, in order to avoid any penalties.

Our law firm is here to assist with any action that might be required in relation to the CyTBOR.

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