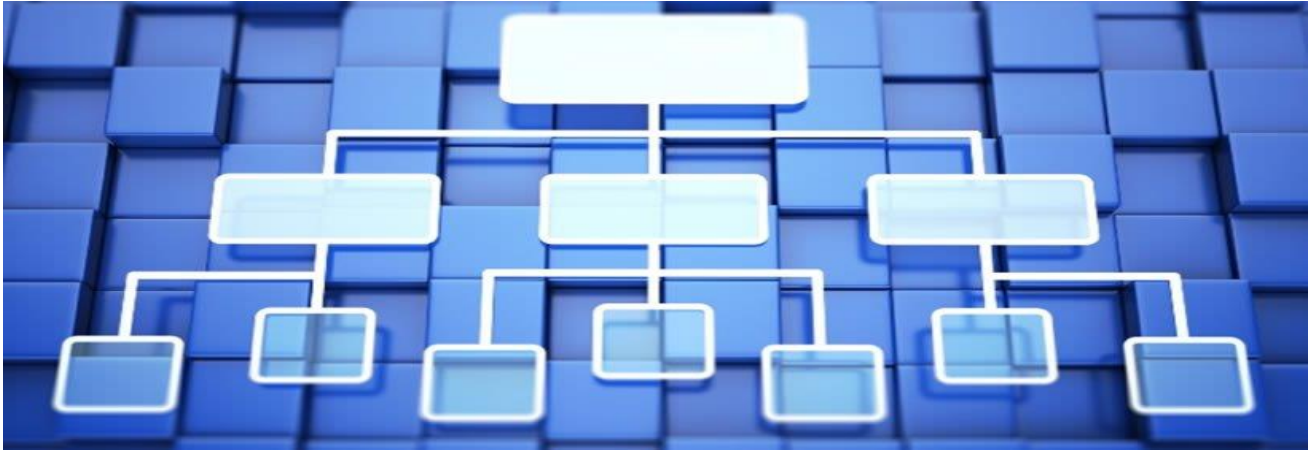


Ultimate Beneficial Owner (UBO) Register



Paul & Co Audit Limited

Publication Sheet – May 2021



The requirement for the establishment of the Ultimate Beneficial Owner (UBO) Register, originally emanated from the 4th Anti-Money Laundering Directive (EU) 2015/894), which was transposed into national legislation on the 3rd April 2018 through the Prevention and Suppression of Money Laundering and Terrorist Financing Law (13(I)/2018). In particular, article 61A (4)(a) of the Prevention and Suppression of Money Laundering and Terrorist Financing Law (13(I)/2018) provided for the introduction of the UBO Register.

The 5th Anti-Money Laundering Directive (EU) 2018/843), which amended the 4th Anti-Money Laundering Directive and provided for the launch of publicly accessible registers of beneficial ownership of companies and other legal entities in EU Member States, was transposed into national legislation through the Prevention and Suppression of Money Laundering Laws of 2017-2021 on the 23rd February 2021.

On **12 March 2021** the AML Law and the AML Directive were published in the Official Gazette of the Republic of Cyprus, therefore constituting the amendments to the existing Cyprus AML Law enforceable.

Timeframe

The formal commencement date of the Beneficial Ownership Register for Companies and other Legal Entities is the date that the AML Law and the AML Directive were published in the Official Gazette i.e., 12th March 2021.

Therefore, as from 12th March 2021, all Cyprus companies and other Cyprus Legal Entities must collect all of the relevant information regarding their beneficial owner(s) and must submit the said information on the ROC's online portal (known as "ARIADNI") which has been created for this purpose.

The first reporting period (also known as "*interim period*") runs from 12th March 2021 to 12th March 2022, thus all Cyprus companies have a period of 12 months from 12th March 2021, to report.

In cases where there are alterations and/or changes in the details and information regarding the beneficial ownership of obliged legal entities, the entities and their officers must, within fourteen (14) days from the date of such alteration, file with the National Central UBO Register maintained by Department of Registrar of Companies the new accurate and valid information regarding the beneficial ownership thereof (article 10(2) of the National Directive on UBO Register).



Ultimate Beneficial Owner (UBO) Register



Companies and/or other obliged legal entities that are registered after the 16th March 2021 shall proceed with the filing of the aforementioned information in regards to their beneficial ownership within thirty (30) days from the date of their registration (article 9(1) of the National Directive on UBO Register).

During the period commencing from the 1st until the 31st of December of each calendar year, obliged entities are required to confirm electronically to the Department of the Registrar of Companies the information and details of their beneficial owner(s) (article 10(3) of the National Directive on UBO Register).

Excluded Entities

The obligation to report applies to Cyprus Companies incorporated and/or registered under the Cyprus Companies Law Cap.113 (as subsequently amended) as well as European Public Limited Liability Companies.

The following entities do not have the obligation to report:

- Companies listed on a regulated market that is subject to disclosure requirements consistent with EU law;
- Companies that are subject to equivalent international standards which ensure adequate transparency of ownership information;
- Companies whose directors have filed an application to strike off the company prior to the commencement of the AML Directive, i.e., prior to 12.03.2021;
- Companies whose liquidation has been enacted prior to the commencement of the AML Directive, i.e., prior to 12.03.2021;
- Overseas companies (including Overseas Companies Branches registered in the Republic of Cyprus);

Definition of “Beneficial Owner”

In accordance with the provisions of the AML Law, the Directive issued by the Cyprus Registrar of Companies and the Guidance issued by the Cyprus Registrar of Companies, the “**Beneficial Owner**” of a company and/or other entity is defined as the natural person who ultimately owns or controls the company, directly or indirectly.

- **Direct Ownership** may be indicated by shareholding of 25% + 1 share or an ownership interest of more than 25% in the Entity.
- **Indirect Ownership** may be indicated by a shareholding of 25% + 1 share or an ownership interest of more than 25% in the Entity held by a corporate entity, which is under the control of a physical person(s), or by multiple corporate entities, which are under the control of the same physical person(s) or through a nominee shareholder (whether physical or corporate) or other legal arrangements.

Whereas the percentage of interest is a strong indication of ownership, each Cyprus Company must take into account a number of parameters when assessing or trying to ascertain who is its beneficial owner, such as:

- the specific rights attached to the ownership interest (i.e., voting rights or lack of voting rights);
- any provisions of any shareholders agreements existing between the shareholders of the Company;
- the members who exercise dominant influence on the Company, or the persons who have the right to remove or appoint a majority of the management and administration of the Company.

The Guidance issued by the Cyprus Registrar of Companies provides that “**control through other means**” should also be determined by taking into account the relevant provisions of the Cyprus Companies Law Cap.113 (as subsequently amended) and of the EU Directive 2013/34.



Ultimate Beneficial Owner (UBO) Register



In case no natural persons are identified or can be identified as the beneficial owners (i.e. in cases where there is no person holding more than 25% interest in the company) of the Cyprus Company and after having exhausted all possible means and given that there are no grounds for suspecting who the beneficial owner might be, then the details of the senior managing official(s) of the Company i.e. the Board of Directors and/or other managerial body must be reported as the beneficial owner of the Company.

Therefore, companies and other relevant entities must consider the definition of beneficial owner and control in order to take the required and appropriate measures to obtain the information required regarding their beneficial owners for internal keeping and reporting.

Information to be filed with the National Central UBO Register

In accordance of Article 4(1) of the AML Law, the following information should be reported on each beneficial owner of an obliged entity (as applicable):

- Name, surname, date of birth, nationality and residential address of the beneficial owner(s)
- Information as to the type and extent of the direct or indirect beneficial ownership status beneficial owner(s), including possession of shares, voting rights and/or the type and extent of final control and personal influence exercised directly or indirectly by the beneficial owner(s).
- 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 which there were changes in the particulars of the natural person or the date on which the natural person ceased to be a beneficial owner.

Beneficial Owner Information to be reported when the structure of an entity leads to trusts/foundations/ other similar legal arrangements/ listed companies

In cases where the shareholding structure of a Cyprus Entity leads to Trusts / Foundations / other similar Legal Arrangements or listed companies as beneficial owner(s), the information to be submitted in the UBO Register is the following:

- Name of Trust / Foundation / other similar Legal Arrangement / Listed Company;
- Registration Number;
- Business Address;
- Nature and extent of the beneficial interest held i.e.:
 - Direct or indirect?
 - Through percentage of shares or voting rights?
 - Nature and extent of the significant influence or control with other means?
- Date on which the Trust / Foundation / other similar Legal Arrangement / Listed Company became a beneficial owner;
- Date on which there were changes in the particulars of the Trust / Foundation / other similar Legal Arrangement / Listed Company; and
- Date on which the Trust / Foundation / other similar Legal Arrangement / Listed Company ceased to be a beneficial owner.



Ultimate Beneficial Owner (UBO) Register



Filing of Information

In accordance with Article 4(2) of the AML Law, the officers of the company (i.e., the Directors and the Company Secretary) have the obligation to collect the necessary information and maintain/update the beneficial ownership information at the company's registered office.

In accordance with Article 5(1) – 5(5) of the AML Law, if any of the required information is not known to the Company and/or to its officers, then a signed request letter should be sent to the natural person whom the Company has reasonable grounds to believe that is the beneficial owner of the Company, requesting him or her to confirm and verify the information needed in accordance pursuant to Article 4(1) of the AML Law.

The aforementioned information and details regarding the ultimate beneficial ownership of companies and other obliged legal entities shall be submitted exclusively via the government gateway portal "ARIADNI" (article 17(2) of the National Directive on UBO Register). In order to obtain access and use the e-filing system, entities and their officers must first obtain access through the government gateway portal "ARIADNI", if not already registered. **For the registration to "ARIADNI" portal, please refer to this [LINK](#), which provides guidance on the steps to follow to register.**

Penalties

In case of non-compliance with any of the aforementioned requirements, or in case of submission of inaccurate and or false information, a pecuniary penalty of €200,00 (Two Hundred Euros) and (in case the default continues) an additional amount of €100,00 (One Hundred Euros) shall be imposed on the obliged legal entity and on each officer thereof, for each additional day of delay with a cap penalty in the amount of €20.000,00 (Twenty Thousand Euros).

It is noted that the responsibility for submission of true and accurate information regarding the UBO(s) lies with entity itself and its officers (articles 4(3) and 11(1) of the National Directive on UBO Register).

It shall also be stressed that during the interim solution period, no penalties will be imposed on companies and/or other obliged legal entities.

Access to information submitted to the BO register (partly applicable to the interim solution period)

The following persons shall, in any case, have access to the information concerning the beneficial owner(s) through the electronic National Central UBO Register:

- Competent Supervisory Authorities, the Financial Intelligence Unit (FIU), the Customs Department, the Tax Department and the Police shall have fast, free and unlimited access;
- Obligated entities, in the context of conducting due diligence and identification measures for their clients shall have access to the name, month and year of birth, nationality and country of residence of the UBO(s) as well as to the nature and extent of the beneficial interest held, following payment of the amount of Three Euro and Fifty Cents (€3,50) per entity;
- All members of the general public shall have access to the name, month and year of birth, nationality and country of residence of the UBO(s), as well as to the nature and extent of the beneficial interest held, following payment of Three Euro and Fifty Cents (€3,50) per entity (article 12(1) of the National Directive on UBO Register).



Ultimate Beneficial Owner (UBO) Register



During the first 12-month reporting period, i.e., starting from 12.03.2021 to 12.03.2022, access to the information and details of the UBO(s) will only be granted to Competent Supervisory Authorities, the FIUs, the Customs Department, the Tax Department and the Police, without any restriction and upon submitting a written request to the Department of the Registrar of Companies. This actually means that during the interim solution period, the search facility will not be available to obliged legal entities and members of the general public.

The online search function and beneficial owner information WILL NOT BE publicly available during the first 12-month reporting period.

At the end of the first reporting period, i.e., after 12.03.2022, access to the UBO Register for Entities will be publicly available.

Exceptions regarding the publication of information and details relating to UBO(s)

The National Directive on UBO Register introduces some exceptions in regards to the publication of information and details of Ultimate Beneficial Owners in order to ensure the proportionate application of the new measure and safeguard the privacy of the Ultimate Beneficial Owners' personal data.

More specifically, under special circumstances, a beneficial owner or the obliged legal entity itself (provided that it has first obtained the consent of the UBO or his/her guardian) can submit a written request to the Registrar of Companies in order to request an exception so that the UBO's personal data kept in the National Central UBO Register are not publicised. In particular, in exceptional cases where access to the aforementioned information and personal data of the UBO would expose the same to an incommensurate and unreasonable risk of extortion, fraud, intimidation, kidnapping, harassment, blackmail, violence or harassment or in cases where the UBO is a minor or he/she is legally incapable, an exception may be made by the Department of the Registrar of Companies on a case-by-case basis. The exception may concern the restriction of access to all or part of the personal data and details relating to the UBO(s). The aforementioned exemptions are not applicable to financial and/or credit institutions.

It shall be noted that exemptions regarding the disclosure of information relating to Ultimate Beneficial Owners are granted only following a thorough and complete evaluation of the exceptional nature of the circumstances.

The decision of the Department of the Registrar of Companies in regards to an application for an exemption regarding the publication of the aforementioned personal data and details relating to Ultimate Beneficial Owners may be challenged by filing a recourse with the Court pursuant to article 146 of the Constitution.



Ultimate Beneficial Owner (UBO) Register



Disclaimer

This publication has been prepared as a general guide and for information purposes only. It is not a substitution for professional advice. One must not rely on it without receiving appropriate professional advice based on the particular facts of his/her own case. No responsibility can be accepted by the authors or the publishers for any loss occasioned by acting or refraining from acting on the basis of this publication. Paul & Co Audit Limited is at your disposal to discuss with you all aspects with regards to the extraordinary measures taken by the Cyprus Government with regarding to Shipping Industry in Cyprus and assist you in this respect. Please do not hesitate to contact us.

Paul & Co Audit Limited

8 Adamantiou Korai,
2321 Nicosia,
Cyprus

Phone

+357 22 253986

Fax

+357 22 253986

E-mail

info@paulco.com.cy

Find us at:

www.paulco.com.cy

About Our Organization

Paul & Co Audit Limited provides accounting, audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. With a connected network of key affiliates, Paul & Co brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges.

Paul & Co Audit Limited is a private company registered in Cyprus (Reg. No. HE420632).

© 2021 Paul & Co Audit Limited

