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Cyprus

Andreas Neocleous & Co LLC

New law governing fiduciary services in Cyprus

The law on the Regulation of Fiduciaries, Administration Businesses and Company

Directors, which transposes the provisions of Directive 2005/60/EC into national law, has been enacted by the Parliament of Cyprus. It applies to persons and companies providing relevant fiduciary and other corporate services relating to the administration or management of trusts and companies in or from Cyprus, including directorship and secretarial services provided by a legal person, services such as holding shares in a nominee or trustee capacity, provision of a registered office, services related to opening and operating bank accounts and the ownership of financial assets on behalf of third parties.

The principal objectives of the new law are to regulate the provision of relevant services and to establish licensing procedures for and supervision of such services, offering security to clients and strengthening confidence in the sector.

The new law provides that relevant services may be offered only by persons or legal entities that hold a licence from the Cyprus Securities and Exchange Commission (CySEC) or are specifically exempted from the licensing requirement. Registered lawyers and accountants who are regulated by their respective regulatory bodies are exempt from the need to obtain a licence.

CySEC will maintain a register of licence holders and licences may be issued on such terms and conditions as

CySEC considers appropriate. In order to obtain a licence, providers of relevant services must comply with certain criteria regarding their professional and academic qualifications, experience and their internal procedures. Regulated service providers must put in place appropriate internal control procedures in order to ensure that they have accurate, up to date information at all times, in compliance with the law.

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International Financial Law Review

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