



UBO Register – Still long way to go?

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In the context of transposing the Fourth Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, Article 61A(a) of the Law on the Prevention and Suppression of money laundering activities and financing of terrorism of 2007 to 2019 (N13(I)/2018) provides for the maintenance of a central register of the ultimate beneficial owners (hereinafter “UBOs”) of companies and other legal entities.

The Council of Ministers of the Republic of Cyprus has on 16 December 2020 decided 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 UBOs of companies and other legal entities and has authorized the particular department to proceed with the collection of all information regarding the UBOs through an intermediate solution system that has been developed.



The 18 January 2021 has been set as the start date for data collection for companies and a period of six months, i.e. up to 19 July 2021, will be provided to companies to file in the system that has been developed information relating to the UBO of their legal entity. The system constitutes an intermediate solution and the access to it is at the present time only available for the competent authorities which will have to make an application to the Registrar of Companies.

The information that will be collected by the intermediate, temporary as one may call it, system will eventually be transferred into the final solution system which will be developed in the second half year of 2021, access to which will be in accordance with the provisions of the 5th European Directive (EU 2018/843) of the European Parliament and of the Council of 30 May 2018.

Cyprus companies are thus urged and ought to proceed with the collection of the above information that ideally they should already have in their disposal in accordance with Article 61(A) of the Law on the Prevention and Suppression of money laundering activities and financing of terrorism of 2007 as amended. In certain instances, those details are also maintained by the obliged entities that provide services to companies on the basis of the provisions of Article 2A(d), 60 and 61 of the above Law in the context of exercising due diligence measures as well as on the basis of the provisions of the Law on the Regulating Business Providing Administrative Services and Related Issues (Law 196(I)/2012).

The creation of the UBO registry is still at its early stages of development. Until the creation of the final solution system, there is still long way to go until the end-result is eventually achieved. At present, it is open to discussion as to which are the competent authorities that will have access to this intermediate solution system while the consequences for failure on the part of companies to update the system by July 2021 are still unknown. The only thing we can know for sure is that the effectiveness of this system, as in most European Countries, depends on the willingness of companies to cooperate and update the system as well as on the mechanisms that will be in place to ensure conformity.

The road is long but in the end the ride should worth it.