Understanding the Ongoing Reporting Obligations for Cyprus Trusts

In this article, we focus on the ongoing reporting obligations for Cyprus Trusts and explore how Cyprus maintains a careful balance between transparency and confidentiality in line with international compliance standards.

By **Katrien de Poorter**, 4th September 2024

Introduction

In our article on Understanding a Cyprus International Trust, we explained what a Trust is and how it works. To recap briefly, a Trust is a legal arrangement where the Settlor transfers assets to the Trustees, who are responsible for managing those assets on behalf of the Beneficiaries. The Trustees have a legally binding fiduciary duty to act in the Beneficiaries' best interests at all times.

In this article, we focus on the ongoing reporting obligations for Cyprus Trusts and explore how Cyprus maintains a careful balance between transparency and confidentiality in line with international compliance standards.

Ongoing Reporting Obligations

When establishing a Trust in Cyprus, service providers are required to comply with strict Know Your Customer (KYC) and Anti-Money Laundering (AML) requirements. This involves obtaining and maintaining comprehensive information about the Trust and all related parties.

Key obligations include:

- Collecting supporting documentation for the initial Trust property and any additional assets added at a later stage.
- Verifying the identity, source of wealth, and source of funds of:
  - The Settlor
  - The Trustees
  - The Beneficiaries (or class of Beneficiaries)
  - Any other relevant parties associated with the Trust

- Maintaining up-to-date information on the Trust’s activities and ensuring this information is available to regulators upon request.

Service providers are also required to:

- Put in place adequate measures to segregate and account for client funds.
- Comply fully with the AML Law and remain subject to continuous monitoring.
- Cooperate with inspections carried out by the Cyprus Securities and Exchange Commission (CySEC), which has the authority to appoint inspectors to review their affairs.

The Trust Register

Under the Administrative Service Provider (ASP) Law, supervisory authorities, such as CySEC, the Cyprus Bar Association (CBA), and the Institute of Certified Public Accountants of Cyprus (ICPAC), are required to maintain a register of Trusts created by the service providers they regulate.

The register includes the following details:

- The name of the Trust
- The names and addresses of all Trustees
- The date of establishment
- Any change in the governing law to or from Cyprus law
- The date of termination, if applicable

A Cyprus-resident Trustee must notify the relevant supervisory authority within 15 days of:

- Creating a Trust
- Adopting Cyprus law as the governing law
- Making any subsequent changes, including termination

In the event of termination, the Trust remains listed as “terminated,” and its information is retained for five years.

Beneficial Ownership and Transparency

Section 61C of the AML Law introduced the Beneficial Ownership (BO) Register, which is maintained and supervised by CySEC. This register records information about the individuals who ultimately own or control a Trust or similar legal arrangement.

Information Submitted

Trustees must provide the following details for each Beneficial Owner:

- Full name and father’s name
- Date and place of birth
- Nationality
- Residential address
- Identification document details (number, type, and issuing country)

- Nature and extent of ownership or control
- Role within the Trust (e.g., Settlor, Trustee, Beneficiary)
- Any additional information required by CySEC

Who Has Access to the BO Register

Access to the BO Register is restricted and granted only to specific entities:

1. Supervisory Authorities *(full access)*
    - CySEC, CBC, CBA, ICPAC, and other authorised regulators
2. Other Relevant Authorities *(full access)*
    - Including MOKAS, the Tax Department, Police, and European supervisory bodies
3. Obliged Entities *(limited access)*
    - Banks, auditors, tax advisors, and other regulated professionals may access basic details for due diligence purposes

Following a ruling by the Court of Justice of the European Union (CJEU), the BO Register is no longer open to the general public, strengthening the protection of personal data and financial privacy.

Balancing Transparency and Confidentiality

Cyprus has designed its Trust framework to align with international AML and transparency standards while also protecting the confidentiality of Settlor and Beneficiary information.

At Dixcart Cyprus, we guide our clients through these reporting obligations, ensuring full compliance while maintaining the highest standards of privacy and discretion.

How Dixcart Cyprus Can Help

Dixcart has been providing professional expertise to organisations and individuals for over 50 years. We are an independent group with experienced teams of highly qualified professionals who deliver international business support services across the globe.

With a dedicated presence in Cyprus since 2013, we are ideally placed to assist you with every step of creating and managing a Cyprus International Trust, including:

- Advising on Trust establishment and structuring – helping you choose the most effective and compliant setup.
- Ensuring compliance with all reporting and Anti-Money Laundering (AML) obligations.
- Protecting client confidentiality while ensuring full adherence to regulatory requirements.

If you would like to learn more or are considering establishing a Trust, please contact a member of our expert team at advice.cyprus@dixcart.com