

The Great Britain-Cyprus *Business Gazette*



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Your e-newspaper, published by the Great Britain-Cyprus Business Association

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The banking sector has high liquidity and capital, says CBC Governor



The resilience of the Cypriot banking system and the high liquidity and capital adequacy ratios were referred to by the Governor of the Central Bank of Cyprus (CBC), Constantinos Herodotou, during his speech at the Economist Business Conference on the Eastern Mediterranean, held in New York in July.

According to a press release, Mr. Herodotou referred to the banking turmoil in the US, stressing that its main feature was that it concerned regional banks, which were not considered systemic. (Page 14)

UK inflation: What has caused the surprise drop?

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Falling fuel, milk, cheese and eggs prices have helped a surprise drop in inflation, while sugar, jam and syrups have pushed to keep costs high, according to the latest figures. The rate of price rises has dropped to 7.9% in the year up to June, down from 8.7% last month. (Page 8)



Record wage growth fuels fresh inflation fears



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Regular pay grew by 7.3% in the March to May period from year earlier, official figures showed, equalling the highest growth rate last month.

However, despite the record increase, pay rises still lag behind inflation - the rate at which prices rise. (Page 11)

ODYSSEY IS THE WINNER IN THE SERVICES CATEGORY AT THE 15TH INBUSINESS AWARDS

Odyssey has been awarded in the Services category award at the 15th IN Business Awards. The company received this recognition based on the findings determined through a combination of public and committee voting conducted by the IN Business Awards and European University Cyprus.

This prestigious award further strengthens the company's commitment to pushing boundaries, delivering unparalleled services, and driving ground-breaking technological innovation.

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- PAFILIA, Property Guide, Cyprus & Greece

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- The e-newspaper is also available on www.gbcy.business/e-newspaper
- Presentations and articles are also available on www.gbcy.business/copy-of-e-newspaper in Digital Form

Editorial

Mr. George Papanastasiou has been confirmed as the Main Speaker

We are delighted to announce that the Minister of Energy, Commerce and Industry of the Republic of Cyprus, Mr. George Papanastasiou, will be the Main Speaker at our upcoming International Business Conference, BUSINESS ORIENTATION CYPRUS 2023, plus UK Finance, Real Estate & Other Investment Opportunities. This event will be held at London Marriott Hotel, Regents Park on 13 November 2023.

George Papanastasiou was appointed Minister of Energy, Commerce and Industry on March 1st, 2023.

He is a mechanical engineer by profession, with an HND in Mechanical Engineering from the Higher Technical Institute of Cyprus, a BSc in Mechanical Engineering from City University London and an MSc in Refrigeration and Air Conditioning from Kings College London.

He worked for 26 years at BP in Cyprus, the United Kingdom and other European countries, having held various managerial positions within the company, including Cyprus' Head of Country.

From 1st of October 2011 and until his appointment as Energy Minister, he was Managing Director and General Manager of VTT Vasiliko Ltd (VTTV), a subsidiary of Netherlands-based VTTI B.V. Inter alia, during his tenure at VTTV he led a versatile team of professionals tasked with constructing and operating the oil storage terminal of the company at Vasilikos area.

Over the course of his career, he has accumulated extensive experience in the oil and gas industry, specifically in the fields of Supply and Logistics, Health, Safety and Environment, Operations and Engineering, Sales and Marketing, Company Governance and Compliance.

He has served as President of the Board of Directors of the Cyprus Organisation for Standardisation (CYS) and the Cyprus Certification Company, President of the Cyprus – Netherlands Business Association operating under the auspices of the Cyprus Chamber of Commerce and Industry, and Member of the Board of Directors of the Cyprus Employers and Industrialists Federation.

Mr. Papanastasiou was born in Nicosia on September 10th, 1961. He is married to Glykeria Michailidou, they have a son, Ignatius, and reside in Nicosia.

For more information regarding the event, please visit <https://www.gbcy.business/events>

I would like to thank Mr. Papanastasiou for accepting our invitation. We are looking forward to welcoming him to London on 13th November at our International Business Conference.

Savvas Kyriakides
Founder & President
Great Britain-Cyprus Business Association
www.gbcy.business

MAIN SPEAKER

BUSINESS ORIENTATION CYPRUS 2023

Plus: An update on UK Economy and UK Investment Opportunities
London, 13 November 2023

George Papanastasiou

Minister of Energy Commerce and Industry



For more information please visit www.gbcy.business/events

INTERNATIONAL BUSINESS CONFERENCE

BUSINESS ORIENTATION CYPRUS 2023

**Plus: UK Finance, Real Estate &
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Plus: An update on UK Economy and UK Investment Opportunities



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UK inflation: What has caused the surprise drop?

Economists had predicted the CPI would only fall to 8.2%, but decreasing petrol and diesel costs, and a slowing down in food price rises, led to a larger-than-expected drop.

Falling fuel, milk, cheese and eggs prices have helped a surprise drop in inflation, while sugar, jam and syrups have pushed to keep costs high, according to the latest figures.

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Economists had predicted the CPI would only fall to 8.2%, but falling petrol and diesel costs, and a slowing down in food price rises, led to a larger-than-expected drop.

Sky News looks at what is behind the figures - and what is keeping prices high.

Transport

The easing in the annual rate for transport was almost entirely because of changes in the price of motor fuels.

The cost of fuel fell by 22.7% in the year to June 2023, compared to a fall of 12.1% in May. Average petrol and diesel prices stood at 143.0 and 145.7 pence per litre respectively in June 2023, compared with 184.0 and 192.4 pence per litre in June 2022.

Food

The rate of food inflation has fallen to 17.3% in June, down from 18.3% in May.

The largest reason for this drop came from milk, cheese and eggs prices, with the annual rate easing to 22.8% from 27.4% in May.

There were other, smaller downward effects from meat (mostly from pork products), and bread and cereals. Inflation for these products has been high - and often a driver of price rises - because of the increased costs of production for dairy farmers. The costs of cattle, animal feed and farm labour have all risen in the past year, although this has eased in the last month, helping push inflation down.

But two small, partially offsetting upward effects came from sugar, jam, syrups, chocolate, and confectionery (particularly chocolate), and mineral waters, soft drinks, and juices.

This is in part because India, the world's second-largest producer of sugar, is cutting export after rains hurt the sugar cane crop and the country diverts more sweeteners to biofuel.

Raw materials and factories

Also falling was the cost of raw materials - they dropped 2.7% in price - the first time they've actually become cheaper since late 2020, the ONS said.

The price of goods leaving factories grew 0.1%, down from a rise of 2.7%.

Prices have been rising since the later pandemic years as supply chain problems and difficulty sourcing goods pushed costs up. The war in Ukraine and the ensuing energy crisis saw gas bills at record highs which pushed up costs across the economy. But as wholesale oil and gas prices ease, this has had a knock-on effect on inflation.

Furniture and household goods

The falling cost of raw materials has also seen this category down to 6.6% from 7.5% in May - the lowest recorded rate since November 2021.

This was partly caused by a drop in prices from a wide range of lounge, bedroom, kitchen and dining room furniture.

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Record wage growth fuels fresh inflation fears

UK wages have risen at a record annual pace fuelling fears that inflation will stay high for longer.

Regular pay grew by 7.3% in the March to May period from year earlier, official figures showed, equalling the highest growth rate last month.

However, despite the record increase, pay rises still lag behind inflation - the rate at which prices rise. The pace of wage rises has come under increasing focus by the Bank of England as it tries to control inflation.

The Bank has raised interest rates 13 times in a row in an attempt to reduce the rate of inflation, although it has remained stubbornly high.

It currently stands at 8.7%, well above the Bank of England's target of 2%.

The concern is that strong wage increases will increase costs faced by companies and force them to push up prices for their goods even higher.

On 10 July, the governor of the Bank of England, Andrew Bailey, said reducing inflation is "so important" as people "should trust that their hard-earned money maintains its value".

These figures show that pay rises were highest for those in better-paid sectors such as finance, and were lower in retail. Business groups continue to stress the difficulty of finding the right workers, despite a tick up in unemployment and fewer vacancies.

The government is now offering all workers a "Midlife MOT" on their careers to help those in their mid-40s and above to retrain.

However, the most up-to-date figure in the month of May seems to show wage rises beginning to slow. There is the possibility that those rises have now peaked.

Under the hood of these record figures, there may just be a pathway to calmer inflationary times. Interest rates still seem likely to go up in August, but the new inflation number released next week will determine whether that is a small rise to 5.25%, or another, larger one.

Despite wages rising at a record pace, they are still not increasing fast enough to keep up with rising prices in the shops.

Regular pay fell by 0.8% after the effect of rising prices is taken into account.

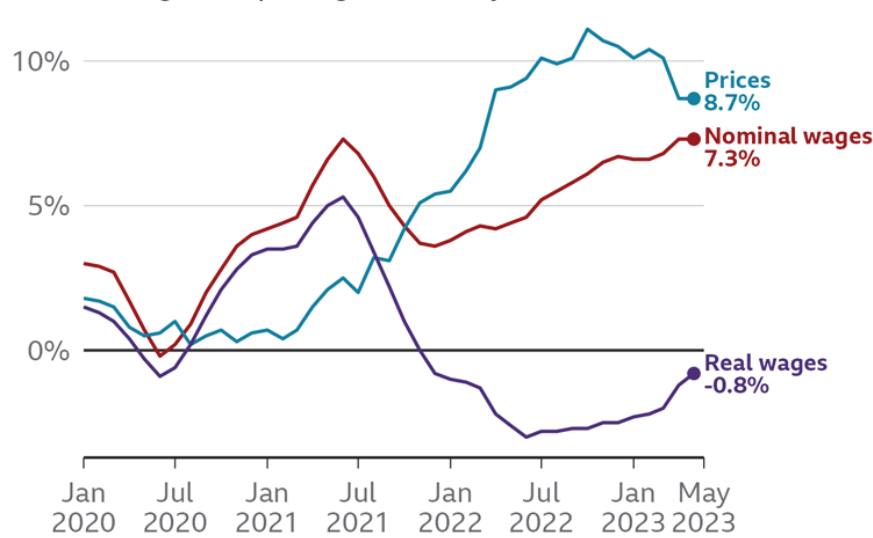
Ashley Webb, UK economist at Capital Economics, said the strong wage growth "won't ease the Bank of England's inflation fears significantly".

Last month, the Bank of England raised interest rates by more than expected, lifting its key rate to 5% from 4.5%.

Mr Webb said while he expected the Bank to push rates to 5.25% at its next meeting in August, he added "we can't rule out" an increase to 5.5%, saying "much will depend" on next week's inflation figure.

Pay not keeping up with inflation

Annual wage and price growth, May 2023



Source: Office for National Statistics

BBC

The figures from the Office for National Statistics (ONS) also showed that the unemployment rate rose to 4% in the latest period, up from 3.8% in the previous quarter.

The employment rate also increased to 76%, the ONS said, adding the rise was mainly due to more part-time employees.

Job vacancies fell for the 12th consecutive time, dropping by 85,000 in the April to June period to 1,034,000.

The Chancellor, Jeremy Hunt, said: "Our jobs market is strong with unemployment low by historical standards. But we still have around one million job vacancies, pushing up inflation even further."

Labour's shadow work and pensions secretary Jonathan Ashworth said the figures were "another dismal reflection of the Tories' mismanagement of the economy".

"Britain is the only G7 country with a lower employment rate than before the pandemic and real wages have fallen yet again," he added.



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By

FinancialNews
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The banking sector has high liquidity and capital, says CBC Governor

The resilience of the Cypriot banking system and the high liquidity and capital adequacy ratios were referred to by the Governor of the Central Bank of Cyprus (CBC), Constantinos Herodotou, during his speech at the Economist Business Conference on the Eastern Mediterranean, held in New York in July.

According to a press release, Mr. Herodotou referred to the banking turmoil in the US, stressing that its main feature was that it concerned regional banks, which were not considered systemic.

The crisis has highlighted that global contagion can even be triggered by regional banks, and the important role of risk premia (CDS) in informing markets that there may be an issue at a particular institution.

Mr. Herodotou stressed, however, that there are significant differences in the banking landscape between the US and the EU, as European banks have significantly more diversified balance sheets.

He also expressed the view that tightening monetary policy was the only way to fight inflation in Europe and that the rise in interest rates was temporary.

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Great Interest for Stelios Awards for Young Entrepreneurs in Cyprus 2023

By

FinancialNews
com.cy



Young entrepreneurs showed interest in submitting applications for participation in the Youth Entrepreneurship Awards organized for the first time in Cyprus by the Stelios Philanthropic Foundation.

According to a press release from the Stelios Foundation, 23 young entrepreneurs applied for the "Stelios Awards for Young Entrepreneurs in Cyprus 2023", claiming a cash prize of €60,000 (1st Prize €30,000 – 2nd Prize €20,000 – 3rd Prize €10,000), which Sir Stelios Hajjiannou will offer to the three best business ideas, which will be distinguished.

It is added that in the application process that ended on July 14, 2023, young entrepreneurs under the age of 35, of any nationality, who have established a company in the Republic of Cyprus in the last 5 years, took part.

It is noted that the award ceremony will take place online on Tuesday 12 September 2023, at 14:00 and Sir Stelios Hajjiannou will congratulate via zoom the three winners, who will be at the Stelios Philanthropic Foundation on Markou Drakou Street, Nicosia, to talk with him and present their business activities that stood out among other proposals.

It is worth noting that the "Stelios Awards for Young Entrepreneurs in Cyprus 2023" is the first event on the island, following the corresponding awards in Greece, which have been taking place since 2008.

It is also mentioned that the "Stelios Awards for Young Entrepreneurs" aim to become an institution in Cyprus and to be established at the same time, as well as the Stelios Bi-Communal Awards, which reward Bi-communal Business Cooperation since 2009, with the next award date set for March 2024.

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By

FinancialNews
com.cy

City of Dreams Mediterranean investing in Cyprus' future, Melco President said

The investment in Europe's largest casino resort is an investment in the future of Cyprus, said Melco Resorts & Entertainment President and CEO Lawrence Ho, welcoming the media on 12TH July, to the City of Dreams Mediterranean casino-resort, which was officially inaugurated the day before by the President of the Republic Nikos Christodoulides.

In his speech, Mr. Ho noted that COD Mediterranean has become a reality since a visit to Cyprus 16 years ago, where he gained the best impressions of the hospitality, culture, and beauties of the island.

"Today marks the beginning of the most exciting chapter. City of Dreams Mediterranean is creating a new story, which Cyprus will be able to tell," he said, adding that it is "a story that combines the culture, hospitality and beauty of the island, with a new form of entertainment and experiences."

COD, he continued, will open up new opportunities and prospects for Cyprus' tourism product, as Europe's largest casino-resort, located on the doorstep of both the Middle East and North Africa.

"The resort is the result of hard work by thousands of people and I thank them for making this dream come true in Cyprus," he said, while thanking the government "for being proactive and supportive", the business community, partners and Cypriots in general.

He said that the advantages of the project are evident to all, for the economy, jobs and the community, adding that "we are not only creating new reasons for foreigners to visit Cyprus, but we are offering new options for locals, with high-level dining, entertainment and recreation."

The investment in Europe's largest casino resort is an investment in the future of Cyprus, said Melco. Moreover, the General Manager of City of Dreams Mediterranean and Cyprus Casinos, Grant Johnson, thanked the Cypriot people for embracing the project, while making special mention to his colleagues for "the tireless efforts and hours they devoted in recent years to achieve the implementation of the project".

"This huge achievement is the result of the excellent cooperation and support we had here in Cyprus," he said and pointed out that 300,000 new tourists are expected to be expected on the island every year, creating new skilled jobs, strengthening the tourist product and the economy of the place.

On his part, Menelaos Shacolas, CEO of CNS Group, stressed that City of Dreams Mediterranean is a unique project, which significantly upgrades Cyprus' position as a tourist destination.

"We are very proud of the excellent partnership we have had with Melco, a company whose experience, expertise and absolute dedication have made this amazing multi-theme resort possible."

With a total investment exceeding €600 million, City of Dreams Mediterranean is one of the largest development projects ever implemented in Cyprus and "aims to establish our island as a year-round destination for high-quality tourism and world-class entertainment, but also as a hub of international business and conference tourism".

The largest destination resort in the region features a fourteen-storey luxury hotel with 500 rooms and suites, more than 8,000 square meters of convention-exhibition space, an open-air amphitheater, an adventure park for families, as well as a plethora of restaurants and luxury shops.



REPUBLIC OF CYPRUS
SHIPPING DEPUTY MINISTRY

PRESS RELEASE

CYPRUS MARITIME AWARD 2023

The Shipping Deputy Ministry hereby announces that the “Cyprus Maritime Award”, a tradition dating back to 1993, will be awarded, as is customary, during the opening ceremony of the “Maritime Cyprus 2023” Conference which will take place on Sunday 8th October 2023.

The Cyprus Maritime Award comprises the following categories:

- a) The Cyprus Maritime Personality Award
- or
- b) The Cyprus Shipping Industry Award.

This distinction is awarded every two years either to an individual (“Cyprus Maritime Personality Award”) or to a legal person (“Cyprus Shipping Industry Award”), during the “Maritime Cyprus” Conference by the President of the Republic.

The Selection Committee for the Cyprus Maritime Award 2023, as appointed by the Shipping Deputy Minister to the President, comprises the following:

Chairperson:

Natasa Pilides

Members:

Shipping Deputy Ministry

Anthony Madella

Ioannis Efstratiou

Ioannis Typaldos

Christina Patsiou



Cyprus Shipping Chamber

Themis Papadopoulos

Thomas Kazakos

Cyprus Union of Shipowners

Polys V. Hajioannou

Kikis Mouskas

Nominations for the 2023 Award must be submitted to the Selection Committee, via the Permanent Secretary of the Shipping Deputy Ministry, using the prescribed forms, between 26 July 2023 and 24 August 2023 (*latest at 15.00 hours*).

The regulations are posted on the Shipping Deputy Ministry's website www.shipping.gov.cy (Info Center/ News/ Maritime Cyprus Conference) [<https://www.dms.gov.cy/dms/shipping.nsf/All/DA19329A8AEAAD49C22589F3001D2B7C?OpenDocument>].

The call for applications for the Cyprus Maritime Award will be made on 26 July 2023.

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This prestigious award further strengthens the company's commitment to pushing boundaries, delivering unparalleled services, and driving ground-breaking technological innovation.

We are deeply committed to upholding the highest standards of service quality, like we do over the past 21 years. A heartfelt thank you to everyone who cast their votes in support of our company, and a special shout-out to our Odysseans for their dedication to excellence.





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A MESSAGE FROM OUR CEO: "CYPRUS OFFERS A WORKABLE SOLUTION TO YOUR NEEDS"



By Petros Rialas, CEO at TOTALSERVE Management Ltd

With the summer period now well under way, I would like to take a moment to wish to you all a relaxing and safe summer vacation. There are of course many people around the world, including clients and associates of ours, who are affected and/ or struggling as a result with everything that has been going on. To these I wish courage, strength and a quick fair resolution.

At the same time, I would like to thank our valued customers and associates for their continued trust and cooperation. Also a big thank you to all our colleagues here at Totalserve Group for their continuous and exceptional efforts during this difficult time.

In general, the global outlook over the last few years has been marked with continuous unprecedented challenges and difficulties.

There was the pandemic, war conflicts with an international effect, political uncertainties and global financial turmoil. At the same time, our industry has endlessly been bombarded with new or increased regulatory compliance requirements.

Under this new era, businesspeople and corporations engaged in international transactions or investments are now, more than ever before, on the lookout for more practical and efficient solutions.

The recent international and domestic developments have created new dynamics for the Cyprus choice for both companies and individuals.

Cyprus can offer a workable solution to your needs

Cyprus continues strong to be a preferred international business center, from where foreigners can conduct their business.

The recent international and domestic developments have created new dynamics for the Cyprus choice for both companies and individuals.

In addition to setting up new Cyprus companies, now there is an increased momentum for those who decide to relocate (redomicile) their existing foreign companies to Cyprus. They can effectively establish all the needed operational substance and exercise the proper management and control. Further than that, there are even those who decide to establish or relocate their main or regional headquarters, of any scale, to the island.

Who should consider Cyprus?

- Those wishing to operate from a friendly, tax efficient, cost competitive and practical jurisdiction.
- Those wishing to create a business entry point into Europe.
- Those wishing to gain access to benefits of EU Directives and attractive double tax treaties.
- Those who find Brexit adversely affecting their international business through a UK company.
- Individuals who are affected by changes in the UK non-domicile regime.
- Individuals looking for a new place of tax residency.
- Families wishing to relocate to a new country.
- Companies which are adversely affected by the offshore economic substance requirements.

Why Cyprus?

- EU member state that is fully compliant with all international guidelines and regulations.
- Corporate tax system that is attractive, practical, efficient, stable and tested. Suitable for a variety of uses like holding, financing, IP, shipping, services or trading activities.
- Most attractive personal tax system, including a straightforward non-domicile tax regime.
- Wide double tax treaty network and access to relevant EU Directives.
- Legal system based on Common Law and Principles of Equity (which is easily understood and preferred).
- Has all the needed infrastructure to accommodate any needed level of business substance, with a comparative cost advantage when compared to other EU prime jurisdictions.
- Significant tax and other incentives to enable physical relocation of key management or employees to the island.
- Strategic geographic location.
- High level of professional services.
- Vibrant, multi-cultural and cosmopolitan life, with a low crime level, high standard of living and education.

Why Totalserve?

With five decades of experience, Totalserve Group can fully assist with all the needed aspects of setting up or relocating to Cyprus. Totalserve can assist in all areas and at all stages, including but not limited to:

- Relevant structuring and transaction assistance;
- All corporate, commercial and legal aspects;
- Tax, accounting and audit compliance;
- Locating, staffing and setting up any needed office;
- Banking related needs;
- Personal aspects of the owners, management and employees - from immigration, work permits, naturalisations to personal tax issues and other personal or family needs.



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Illegal fundraisers who do not have the relevant licence

michaelkyprianou
— Advocates - Legal Consultants

Well done to the people who made the purpose of their lives to help their fellow man in those difficult days during the pandemic, and well done to those who rushed to help by contributing to this worthy cause. But there is a big 'but' in all of this ...

According to the Fundraising Law of 2014, (68(I)/2014) no person (natural or legal) is entitled to organize a fundraiser unless a relevant permit is in force throughout the period of the fundraiser.

Such authorization permits the organization to hold the fundraiser and ensures that the fundraising effort is conducted in accordance with the procedures, terms and/or conditions set out in the relevant legislation referred to above. Otherwise, the fundraiser organizer/s is/are guilty of an offence under the provisions of Law 68(I)/2014.



According to this Law:

- (a) Holding a fundraiser with visits from house-to-house is prohibited.
- (b) The use of fee-paying campaigners, as well as the involvement of advertising agencies for remuneration, can only be approved by the Minister of the Interior.
- (c) The holding of a fundraising at traffic lights is prohibited.
- (d) Each fundraising organizer shall submit, not only an accurate income and expenditure account to the Licensing Authority, but also information on how it intends to make use of the monies received. The Licensing Authority checks the accounts and submits a report to the Minister of the Interior, who, if it transpires that the revenue exceeds the needs for which the fundraiser was held, shall have the power to request the reimbursement of a similar amount, which will be deposited into the Fixed Fund of the Republic.

(e) The Licensing Authority shall also have power, after any consultation with the Director-General of the Ministry of Finance, to investigate and decide whether any action to sell lotteries, forms or other items constitutes a covert fundraising act and any decision of the Licensing Authority is binding on those affected.

(f) The Ministry of Interior maintains on its website an updated list of all ongoing fundraising permits in the Republic, containing information on their time validity, purpose, manner and venue of each fundraiser.

(g) In accordance with Article 19, no person shall act as a guarantor, unless he holds the prescribed Certificate of Authorization, which has been approved by the Minister of The Interior.

(h) In accordance with Article 6, a person wishing to organize a fundraiser must apply for a permit, in each case, from a competent Licensing Authority (Ministry of Interior or Provincial Administration), at least 30 days before the fundraiser is held.

With regard to securing a permit to hold a fundraiser at provincial or local level, there is a Commission consisting of the relevant Prefect or his representative, as President, the Police Director of the Province or his representative, the Provincial Officer of the Department of Social Welfare Services or his representative, a representative of the Association of Municipalities of Cyprus, who comes from a Municipality of the province concerned, the President or representative of the Provincial Union of Communities of the respective Province, and representative of the Provincial Coordinating Council of Volunteerism.

For "PanCyprian" fundraisers, a Central Committee, consisting of the Director-General of the Ministry of Interior or a representative, as President, one of the Prefects, the Chief of Police or his representative, the Director of the Department of Social Welfare Services or his representative, a representative of the Association of Municipalities of Cyprus, a representative of the Union of Communities of Cyprus and a representative of the Pancyprian Coordinating Council of Volunteerism.

The Australian philosopher, Peter Singer, has argued that the drowning child in front of you and the hungry child of Africa are not much different. We have to care about our fellow man and offer help in any way we can. But let us do it in the right and legal way so that there are no doubts in the minds of our fellow human beings who rush to help by contributing to this worthy cause.

The content of this article is valid as at the date of its first publication. It is intended to provide a general guide to the subject matter and does not constitute legal advice. We recommend that you seek professional advice on your specific matter before acting on any information provided. For further information or advice, please contact Savvas Savvides, Partner, Paphos office, Michael Kyprianou law firm Tel: +357 26930800 email: savvas.savvides@kyprianou.com

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**The Transparent and Predictable Working
Conditions Law of 2023**

2023

Andrea Ioakim
Partner – Corporate Department

In an effort to keep up with modernization and the constant changes in the working environment, Cyprus has transposed the provisions of the EU Directive 2019/1152 of the European Parliament and of the Council of 20 June 2019 into its national legislation.

As a result, the Transparent and Predictable Working Conditions Law of 2023 (25(I)/2023) (hereinafter the "**Law**"), was entered into force on 13/04/2023, repealing the Notification of the Employee by the Employer of the Terms governing the Contract or Relationship of Employment Law of 2000 (10(I)/2000)/

The new Law mirrors the provisions of the Directive, the aim of which is to improve working conditions and to make the same more transparent and predictable. The Law introduces minimum rights for the employees as well as imposed new obligations on the employers in relation to the information to be provided to the employees about their working conditions.

The Law does not apply to employees whose their predetermined total employment period does not exceed three (3) hours per week or less in a reference period of four consecutive weeks.

Provision of Information:

(a) Obligation to provide information:

Each employer must inform its employees about the essential terms of their employment relationship in writing. The information shall be provided and transmitted on paper or, provided that the information is accessible to the employee, that it can be stored and printed. The employer must keep proof of delivery of the transmission and receipt of the said information.

The obligation of the employer to provide such information is clearly identified within the Law in a rather exhaustive list, which can be summarized as follows:

- (1) The identity of the parties;
- (2) The place of work and the registered office of the business or the home address of the employer;

- (3) The title, position, nature or category of the work of the employee or a description of such work;
- (4) The commencement date of the employment relationship;
- (5) The termination date of the employment relationship or the predicted duration of the same in the event it relates to fixed term employment relationship;
- (6) in the case of temporary agency employees, the identity of the user undertakings, when and as soon as known;
- (7) The duration and conditions of the probation period (if applicable);
- (8) The training entitlement provided by the employer, if any;
- (9) The amount of paid leave to which the employee is entitled or, where this cannot be indicated when the information is given, the procedures for allocating and determining such leave;
- (10) The procedure to be observed by the employer and the employee, including the formal requirements and the notice periods, where their employment relationship is terminated or, where the length of the notice periods cannot be indicated when the information is given, the method for determining such notice periods;
- (11) The remuneration, including the basic salary, any other component elements, if applicable, indicated separately, and the frequency and method of payment of the remuneration to which the employee is entitled;
- (12) if the work pattern is entirely or mostly predictable, the length of the employee's standard working day or week and any arrangements for overtime and its remuneration and, where applicable, any arrangements for shift changes;
- (13) if the work pattern is entirely or mostly unpredictable, the employer shall inform the employee of:
 - (i) the principle that the work schedule is variable, the number of guaranteed paid hours and the remuneration for work performed in addition to those guaranteed hours;
 - (ii) the reference hours and days within which the employee may be required to work;
 - (iii) the minimum notice period to which the employee is entitled before the start of a work assignment and, where applicable, the deadline for cancellation referred to in Article 17(3) of the Law;
- (14) any collective agreements governing the employee's conditions of work or in the case of collective agreements concluded outside the business by special joint bodies or institutions, the name of such bodies or institutions within which the agreements were concluded;

(15) where it is the responsibility of the employer, the identity of the social security institutions receiving the social contributions attached to the employment relationship and any protection relating to social security provided by the employer.

The Law provides for certain timeframes for the provision of the information to the employees. In particular, information listed in (1) to (5), (7), (11) to (13) above, must be provided before the commencement of the employment contract or within a maximum of seven days from the commencement of employment.

Any additional information, specifically relating to items (6), (8), (9), (10), (14) and (15) above, shall be given within one month from the commencement of the employment.

(b) Probation Periods

In accordance with the recent amendments to the Law, probation periods cannot exceed six months, as opposed to the previous long-lasting principle of Cyprus employment law according to which the probation period could be extended for up to two years (104 weeks). The limitation does not apply to employees being directors of the employer.

For fixed term contracts, the duration of the probation period must be proportionate.

(c) Parallel Employment

An employer may not prohibit an employee from undertaking work for other employers, outside of the working hours specified in the contract or employment relationship with that employer, or treat the employee adversely due to this:

It is further clarified that the employer is able during recruitment to limit parallel employment by specifying in writing specific objective reasons for said restrictions and given that the nature of the objective reasons is related to issues of safety and health, the protection of business confidentiality, the integrity of the public sector and the avoidance of conflict of interest.

(d) On demand contracts

The Law now allows for on-demand or similar employment contracts pursuant to which the working hours are not predetermined. Based on such contracts the employer has the flexibility of calling the employee to work as and when needed provided that the employee works on a casual basis as defined in the Law and provided that the total duration of employment with the same employer does not exceed 8 weeks per calendar year with a maximum continuous duration of three weeks or provided that the total duration of his continuous employment does not exceed five hours per week.

(e) General provisions

The Law now provides that an employee who has worked from an employer for at least six months and his probation period has completed, may request a form of employment with more predictable and secure working conditions, considering that such form of employment is available, and receive a justified written reply from his employer. Also, if an employer is required by law or a collective agreement to provide training necessary for carrying out the work, such training shall be provided free of cost and shall count as working time. Where possible, such training should take place during working hours.

Finally, it is clarified that the rights and obligations provided for under the Law apply to all existing employment relationship with some specific exceptions for which the Law clarifies that the employer will provide the said information only upon the request of the employee who has already been employed on the date of enforcement of the Law.

We urge all employers to review their employment contracts (existing and template contracts) and update them in accordance with the Law so as to ensure compliance. Our firm can be of assistance in the review of such agreements and providing advice.

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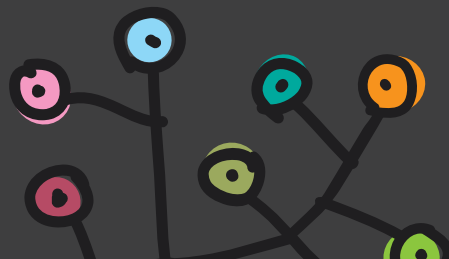
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NFTs: a failure of their counterfeit-proof and trusty objective?



Non-Fungible Tokens (NFTs) have gained significant popularity and success in the last several years, generating billions of dollars in revenue due to their growing notoriety.

The NFT success story is one based on the element of uniqueness. Each NFT has its own combination of tokenID¹ and an address code of a smart contract² which are stored on a blockchain³ like Ethereum, EOS, Bitcoin Cash to name a few. The combination of both codes is unique, making the NFT “non-fungible”, thereby adding value to it. Once the NFT is created, the digital asset can be offered for sale to buyers who can purchase it on platforms such as OpenSea, Mintable, and Rarible, using cryptocurrencies.

CHALLENGES AND RISKS ASSOCIATED WITH NFTS

Lack of regulation

One of the issues that arises in the sale of an NFT is the way in which the NFT market operates. Whoever inserts an NFT on the Blockchain is presumed to be the author and can sell it, thus collecting profits that in fact are owed to the real digital copyright holder. Further, the minting of an NFT is available to anyone with access to the blockchain network, but with NFTs still largely unregulated, this creates a paradise for scammers and counterfeiters.

Scams and Intellectual Property infringements

To date, there are still repeated thefts of NFTs, copyright infringements, as well as intricate rug pull scams involving such tokens, where scammers and hackers exploit the blurriness surrounding the topic for profit. Rug pull scams are essentially based on “pumping up” a new project (either by two individuals buying and rebuying the same NFT, adding value to it and creating the sentiment of demand; or by other similar means) in order to collect money and then disappear with the profits, leaving the purchasers of NFTs with worthless investments. In other words, instead of being trustworthy, NFTs are sadly becoming an easier way to scam people.

1. [https://walk.id/white-paper/nfts-for-identity#:~:text=Token%20IDs%20are%20used%20to,key%20infrastructure\)%20and%20to%20metadata.](https://walk.id/white-paper/nfts-for-identity#:~:text=Token%20IDs%20are%20used%20to,key%20infrastructure)%20and%20to%20metadata.)
2. <https://www.realvision.com/blog/smart-contracts-for-nfts#:~:text=Therefore%2C%20a%20smart%20contract%20NFT,and%20creators%20millions%20of%20dollars.>
3. <https://www.investopedia.com/terms/b/blockchain.asp>

LOSS OF MILLIONS OF DOLLARS IN NFT RELATED SCAMS

A number of different scams have duped crypto art collectors over the last few years, either via social media, Ethereum transactions, or by other electronic means, leading to large losses of money.

Bored Ape Yacht Club

The hack of the Bored Ape Yacht Club Instagram account saw followers tricked into clicking on a post, enabling the attacker to steal the assets held in the wallets of the victims, amounting to approximately \$3 million of benefit to the hacker⁴.

The case of emoji NFTs

Another recent incident saw an unknown user put up 8000 NFTs for sale which supposedly depicted 3D versions of popular artworks. The series quickly sold out but instead of receiving the artwork they paid for, horrified buyers instead received a collection of emojis. The scammer disappeared with the profits⁵.

“Metabirkins” NFTs not protected speech

A recent case of the “Metabirkins” NFTs involved the globally renowned brand Hermès, whereby a creator designed NFTs⁶ representing the infamous Hermès Birkin bags, without the brand’s consent. Hermès went on to sue the creator where it was found that the Metabirkins NFTs violated the trademark of the luxury brand. The jury awarded Hermès \$133,000, stating also that the NFTs were not First Amendment protected speech.

Fake Banksy NFT

Banksy is an elusive graffiti artist whose identity remains unknown, but whose works have appeared all over the world, and sold for millions at different auctions. Banksy’s official website was thought to have been hacked when an advertisement appeared on the site, redirecting the user to OpenSea where an auction of an NFT called “Great Redistribution of the Climate Change Disaster” was taking place. The auction was soon revealed to be a scam and, due to public outcry, the scammer issued a full refund to the buyer of the fake NFT⁷.

4. <https://www.theguardian.com/technology/2022/apr/26/bored-ape-yacht-club-nft-hack-theft-art-simian-oblivion>

5. <https://nftevening.com/explained-the-iconics-rugpull-that-left-holders-with-emoji-nfts/>

6. <https://www.theverge.com/2023/2/8/23591000/metabirkins-nft-mason-rothschild-hermes-birkin-bag-lawsuit-outcome>

7. <https://www.bbc.com/news/technology-58399338>

Teddy bears and NFTs

More recently in France, some 770 individuals spent a combined total of around €1.5 million on NFTs of teddy bears which were supposed to make them co-producers in an animated film called **Plush**, featuring comedian Kev Adams. Buyers were also led to believe that they would make 6 to 7 times their investment in a 24 month period. French newspaper **Mediapart** has however reported that the **Plush** NFTs no longer exist on the project's website and that its Twitter account has been inactive since September 2022⁸, much to the disappointment of the investors.

WEB 3'S ANONYMITY AND THE PROBLEM OF IMPUNITY

NFT scams and copyright infringements bring to light many other issues, in particular, how to hold scammers and copyright infringers accountable in the sphere of Web3?

NFTs operate on Web3 which is based on privacy, anonymity, and pseudonymity. It's where users can participate incognito in the blockchain, under a pseudonym, with the ability to use obscure Ethereum name service addresses.

The Web3 network is built on a peer-to-peer, decentralized system, meaning users don't require intermediaries, enabling communication and transactions between third parties. Unlike Web2 networks which are typically centralized, with legislation in place to enforce the disclosure of necessary information to identify and convict perpetrators of cybercrimes; the Web3 network makes it considerably more difficult if not nearly impossible to identify and locate the bad actors, and to hold them accountable for their actions.

"In Web2 the big influencers benefit from everything they do know about us. In Web3, the big (anonymous) influencers benefit from everything we do not know about them." — NFT Ethics (@NFTethics), January 17, 2022

Conclusion

To conclude, in the current framework of legislation and technology, anonymity and impunity seem to be guaranteed in the crypto space. For years, comparative private international law specialists have tried to find a uniform solution to the questions of jurisdiction and applicable law in the presence of a tort situation generated in a digital environment.

The problem in this case is that the infringing crypto asset is everywhere at once, which is equivalent to essentially nowhere in private international law. The traditional rules of conflict of jurisdictions offer several solutions but none of them seem to be truly adequate. As anonymity in financial transactions is already being used to further all manner of criminal activity, the need for the adoption of legislation to mitigate the risks incurred through unregulated NFT transactions and Web3 usage is thus becoming critical.

*Author: Iosifina Koutsonikola
Lawyer Trainee
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8. -<https://www.mediapart.fr/journal/france/230423nounours-et-cryptomonnaies-dubai-le-mauvais-film-de-kev-adams>

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An aerial photograph of a rocky coastline with clear, turquoise water. The rocks are light-colored and jagged, extending into the sea. The water is a vibrant blue-green color, with some darker patches visible. The overall scene is bright and scenic.

Cyprus: an Ideal Destination for HNWIs & Family Offices

By Angelos Paphitis, managing Partner at AGP LAW

Introduction

Cyprus has become a destination of choice for High-Net-Worth Individuals (HNWIs) and family offices due to several reasons, including a highly favourable tax system, a strategic geographic location, a business-friendly environment, and a very high quality of life. This article will outline in greater detail the reasons for which Cyprus has become a magnet for HNWIs and family offices.

A Highly Favourable Tax System

One of the primary reasons why Cyprus is a popular destination for HNWIs and family offices is its favourable tax system. Cyprus has one of the lowest corporate tax rates in the European Union, currently standing at 12.5%, making it an attractive location for businesses looking to minimize their tax liabilities. Moreover, Cyprus offers a wide range of incentives to businesses, including tax exemptions and deductions.

Double Tax Treaties

Cyprus has an extensive network of double tax treaties with over 60 countries, including Russia, China, and India. These treaties provide for reduced withholding tax rates on dividends, interest, and royalties. The treaties also provide for the elimination of double taxation on income earned in both Cyprus and the treaty partner country, providing a favourable tax treatment for cross-border investments. Furthermore, Cyprus has a favourable tax system for intellectual property (IP) assets, with a reduced tax rate of 2.5% on income derived from approved IP assets.

Moreover, Cyprus has a non-domicile regime for individuals, which provides significant tax benefits for individuals who are not considered tax residents of Cyprus. Under this regime, foreign income and gains are exempt from taxation in Cyprus.



TBusiness-Friendly Environment

Cyprus is renowned for its business-friendly environment. It offers a streamlined company registration process, allowing businesses to be set up quickly and efficiently. Furthermore, the government provides efficient services, including a fast-track process for the issuance of work permits for non-EU nationals.

Cyprus has a highly skilled and multilingual workforce, with a high level of education and training. The country also offers a competitive cost of living, making it an attractive location for businesses and entrepreneurs.

Strategic Location

Cyprus is strategically located at the crossroads of Europe, Asia, and Africa, making it an ideal location for business and investment opportunities. The country benefits from excellent air and sea connections, making it easily accessible from major cities worldwide.

Cyprus is a member of the European Union, providing access to the European market of over 500 million consumers. Furthermore, the country has close ties with the Middle East and North Africa, providing opportunities for businesses looking to expand into these markets.

High Quality of Life

Cyprus offers a high quality of life, with excellent healthcare, education, and leisure facilities. The island has a warm Mediterranean climate, beautiful beaches, and a rich cultural heritage, making it an attractive location for families and individuals seeking a high standard of living.

Cyprus has a well-developed healthcare system, with both public and private healthcare providers. The country has one of the highest numbers of doctors per capita in the world, and the healthcare system ranks among the best in Europe.

Education is also a priority in Cyprus, with a well-established education system offering high-quality education from primary school to university level. The country has a large number of private international schools, providing an education in English or other languages.

Cyprus is also a popular tourist destination, with a thriving hospitality industry. The island has a wide range of leisure facilities, including golf courses, marinas, and luxury spas. The country also has a rich cultural heritage, with a range of museums, archaeological sites, and traditional villages.

Conclusion

Cyprus is a popular destination for HNWIs and family offices due to its favourable tax system, strategic location, business-friendly environment, and high quality of life. The country's tax incentives, including its low corporate tax rate and extensive network of double tax treaties, provide significant benefits for businesses and investors.



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The London Credit Fund achieves impressive performance in Q2 2023

By **Consulco.**

The London Credit Fund, regulated by the Cyprus Securities and Exchange Commission, continues to demonstrate a strong upward trend in its performance. In the second quarter of 2023, the Fund once again exceeded its annual performance targets across all currencies, delivering exceptional returns to its investors.

During Q2 2023, the London Credit Fund distributed dividends of £14.57 per unit for Class A shares, \$15.13 per unit for Class C shares, and €10.94 per unit for Class E shares. These dividends highlight the Fund's commitment to generating substantial returns for its investors across various classes.

The Fund's outstanding performance in Q2 2023 surpassed its annual performance targets, reinforcing its position as a reliable and profitable investment option. Unitholders enjoyed an annualized return for the quarter of 6.20% in sterling, surpassing the 5% target. Euro unitholders experienced an annualized return for the quarter of 4.48%, exceeding the 4% target, while dollar unitholders experienced an annualized return for the quarter of 6.04%, surpassing the 5% target.

The Fund caters to a diverse range of investors, with the breakdown of Investor Categories as follows: 56% High Net Worth Individuals, 18% Companies, 19% Provident/Pension Funds, and 7% Banks and Insurance Companies. This diversified investor base contributes to the Fund's stability and resilience.

The London Credit Fund's remarkable performance in Q2 2023 reaffirms its position as a leading investment opportunity. With consistent returns, diverse investor categories, and a robust management structure, the Fund continues to provide stability and lucrative returns for investors seeking a secure and profitable avenue for their investments.



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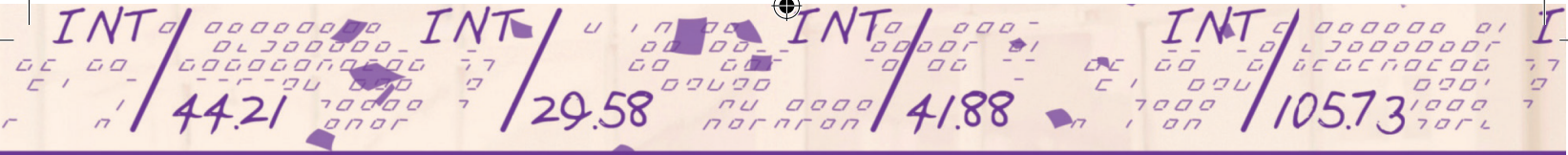
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WHY EVERY REAL ESTATE AGENT NEEDS A MENTOR



For many individuals embarking on a new career journey in Real Estate, the induction process can be overwhelming, with a ton of knowledge to absorb and challenges to overcome. Even after grasping the basics, advancing one's business to the next level often necessitates the guidance of an experienced and knowledgeable Mentor. Our Agents stand to benefit from this supportive Mentorship program from their early stages within our company with personalized guidance, answering questions, and offer support throughout the stages of the Agent's career.

Let's see the most important benefits for new Agents entering the field without prior experience:

- Firstly, experienced mentors have extensive knowledge of the real estate market, local trends, best practices, and negotiation techniques. They can pass on this knowledge to the new Agent, helping them gain insights that might take years to acquire on their own.
- Additionally, a mentor can help new Agents avoid common pitfalls as real estate transactions involve complexities, and new agents might make mistakes without proper guidance.

Even experienced Agents need a Mentor to take their career to the next level with ongoing learning and development.

- When the market shifts, an experienced mentor can help navigate the shift, economic trends, and changing consumer preferences, allowing the Agent to adapt their approach accordingly.
- A mentor can provide support and insights on handling Complex Transactions with efficient strategies that lead to increased income.

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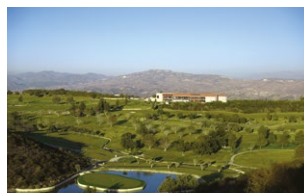
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Cyprus – Oil and Gas news as EuroAsia Interconnector has entered into a substantial contract worth €1.43 billion with Nexans connecting Israel, Greece and Cyprus



In a landmark development, Nexans has secured a significant turnkey contract valued at €1.43 billion for the construction of a vital section of the EuroAsia Interconnector, responsible for linking the power grids of Greece and Cyprus. This interconnector project forms an integral part of a broader initiative aimed at interconnecting the grids of Greece, Israel, and Cyprus.

The project involves the implementation of a 525kV high voltage direct current (HVDC) cable, which will be the world's longest and deepest interconnector, spanning a bi-pole length of 2x900 km and traversing the depths of the Mediterranean Sea at approximately 3,000 meters. To achieve this, Nexans will manufacture Subsea HVDC Mass Impregnated cables at its facilities in Halden (Norway) and Futtsu (Japan). The installation process will be carried out using cutting-edge cable laying vessels, namely Nexans Aurora and Nexans Skagerrak.

The EuroAsia Interconnector is designed to facilitate the exchange of up to 1,000 MW of power among the three nations, with the potential to increase capacity to 2,000 MW. This substantial power flow capacity is equivalent to the average electricity consumption of three million households, and the project's successful completion will finally end the energy isolation of Cyprus. By creating an energy highway connecting Europe and Asia, the interconnector will stand as the largest project of its kind in history, providing electricity to over three million homes.

Pole One of the project is anticipated to be finalized by 2028, while Pole Two is projected to be completed by 2029.

The European Union has officially recognized the interconnector as a Project of Common Interest (PCI), granting it various advantages such as streamlined planning and permitting processes, reduced administrative expenses, and increased public involvement. In order to qualify for PCI status, a project must align with the energy and climate objectives of the European Union. Consequently, a significant portion of the electricity transmitted through the interconnector will originate from renewable and decarbonized sources.

The involved parties anticipate that the Greek and Cypriot energy regulators will grant formal approval to intervene in the appropriate timeframe.

Christopher Guérin, the CEO of Nexans, expressed that the extraordinary undertaking showcases the company's ability to innovate and push the boundaries of electrical transmission and distribution in response to the increasing global demand. This milestone represents a significant stride towards achieving a carbon-free economy. Nexans' comprehensive strategy for global electrification plays a pivotal role in steering the world towards a net-zero future, and the company is delighted to have been chosen to spearhead the realization of the EuroAsia Interconnector project.



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SHAREHOLDERS' DISPUTE RESOLUTION IN CYPRUS

By S. Constantinou & Associates LLC

Introduction

The NFT success story is one based on the element of uniqueness. Each NFT has its own combination of Unfortunately, conflicts and disputes are unavoidable in every business operation. As it comes to shareholders, issues that relate to, inter alia, the management of the company by the directors, the distribution of profits, the exercise of control, or the service of personal interests that may contradict the company's affairs, usually lead to an escalation of disputes and can interfere with the rights of other shareholders or even place at risk the operation and the best interest of the company itself. Nevertheless, conflicts are considered to be part of every corporate relationship. It is important to stress the need to be able to resolve such disputes in advance.

Shareholders, as the owners of a company, have an array of legal rights and obligations in relation to the company, which flow principally from both contract law and statute, under the Companies Law (Cap. 113). The regulation of such rights and obligations, in advance, is the key to eliminating or at least limiting the possibility of any disputes arising between the shareholders. However, in the unlikely event that any conflicts and disputes arise, Cyprus Law provides mechanisms that are available to be enforced before the Cyprus Court to preserve the rights of the respective parties, as described below.

Before examining the different mechanisms for shareholder dispute resolution on an early stage it is important to ask ourselves: why do shareholder disputes escalate? Of course, disputes escalate because the parties involved do not usually feel the need to appoint advisors or make new director appointments to find the different solutions available for them.

Breach of shareholder agreements

Breach of shareholder agreements is considered to be the main cause of shareholder disputes in Cyprus. A shareholder agreement will have as its goal to regulate the shareholders' venture, rights and obligations with regard to the company. Therefore, a shareholder's agreement establishes different aspects of the company's operations such as the shareholder's voting rights and under which circumstances shareholders' decisions are required and at what percentages, how the board of directors will operate and within what limits, etc. Consequently, if any of the company's shareholders avoid or misappropriate any of the duties or obligations they are required to perform under such agreement, they will be breaching the agreement itself. Such a breach will most of the time create a dispute between the company's shareholders.

Although many of the aspects that can be determined under a Shareholders Agreement are also included in the company's Articles of Association, entering into such an agreement can be advantageous for the following reasons:

- **Enforceability:** Parties may agree to include in a Shareholders Agreement personal rights, i.e. the right of a specific individual to be appointed as a director of the company, which are not included in the Company's Articles of Association and are not provided under the Law. Therefore, that right becomes contractually enforceable and in case of any breach, gives the right to the shareholder to seek remedy, which would not otherwise be available.





- **Minority protection:** Any parties entering into a contract must all agree to amend it. Therefore, each contracting party has an equal say whilst under the Law, shareholders' power is determined by the proportion of their respective voting rights in the company.
- **Confidentiality:** As a private agreement, a Shareholders Agreement is a private contract and does not need to be made publicly available, whilst the Articles of a Company must be filed at the Registrar of Companies.

Management and control of the company's operations

It is easy for more disputes to arise between shareholders, especially when more than one individual is involved in the running and control of a business. It is human nature to have different opinions with regard to what is right or wrong in a specific situation or what are the arguments to be considered in taking a decision concerning the company's affairs and its future. As a result, it is extremely easy for disputes to arise between shareholders of different opinions and ideas.

Breach of shareholder's fiduciary duties

It is important for shareholders' fiduciary duties to be correctly executed and followed. Shareholder duties that are not performed or followed and may affect other shareholders, bringing them to a disadvantage in relation to others, will likely cause shareholder disputes.

The minority shareholders' role in the business decision-making process of the company

Minority shareholders, due to the nature of their role in the business, have little to no effect in the decision-making process of the company. As a result, minority shareholders will usually protest that the business affairs are being conducted in an approach which is oppressive to some other shareholders. Cyprus law gives rights to such minority shareholders to apply to the Cyprus Courts for protection and action. The mechanisms available for shareholder dispute resolution

1. First and foremost, drafting unambiguous key company documents when there is still a chance to negotiate an agreement and determine the limits and powers of decision making abilities, is crucial. This will be extremely difficult to achieve when a dispute has already arisen. In such cases, shareholders need to examine thoroughly the company's constitutional docs. These may be the company's Articles of Association (AOA) or other independent shareholder agreements. For example, where a dispute arises between shareholders about a particular breach of duties, the company's AOA, will usually include a provision forcing shareholders to sell their shares at a specific valuation in specified cases. This will leave the shareholder under breach with no room to argue about not selling their shares of the company.
2. Convening an extraordinary general meeting (EGM) is as important as checking the company's AOA and shareholder agreements. Shareholders have the right to request an EGM under section 126 of the Cyprus Companies Law Cap 113. This can be an opportunity to resolve disputes between shareholders, through civilized discussion, while such disputes are still at an early stage.



Common Law Derivative Action

A well-entrenched common law principle, as it was determined in the landmark case of *Foss v. Harbottle*, is that the company, as a separate legal entity, is the correct plaintiff to bring any action for any wrongdoing in its affairs. However, common law has established exceptions to this rule to enable minority shareholders to pursue a claim which would not otherwise have been possible to be launched, due to the wrongdoers' dominant position and exercise of control over the company, which includes the majority shareholders or directors of the company.

Following the common law, Cyprus Courts have adopted and developed the common-law protection and minority shareholders can proceed with such a claim (a Derivative Action), *inter alia*, provided that the following requirements are met:

Fraud on the minority – based on the relevant case law, fraud on the minority has been interpreted to include the following circumstances:

Where the company acts illegally or outside the framework of the Articles of Association (*ultra vires*);

o Where the rights of a shareholder or a group of shareholders are violated, such as exclusion from the management of the business, exclusion from the payment of any dividends, etc;

o Where the majority are endeavouring directly or indirectly to appropriate money, property, or advantages that belong to the company.

Control by the wrongdoers – such ground covers the cases where the wrongdoer is the director of the company or the majority shareholders.

S. Constantinou & Associates LLC can provide legal advice on dealing with shareholder disputes in Cyprus companies. This includes advice on how shareholders can engage in negotiation and avoid such situations in advance but also guidance on how to deal with shareholder disputes that seem impossible to resolve through dialogue and reasonable negotiation.

For further information or clarifications, please contact S. Constantinou & Associates LLC at info@sclaw.com.cy / +357 22 421190.



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NEW TAX EXEMPTIONS FOR FIRST EMPLOYMENT IN CYPRUS

By Marios Yenagrites, Tax Manager at Totalserve

TOTALSERVE

As part of the Cyprus government's wider strategy to attract and retain foreign businesses and talent to the island, there have been new amendments to the Cyprus Income Tax Law ("the Law") regarding the 50% and 20% tax exemptions for first employment in Cyprus.

As a result, this gives additional incentives for foreign businesses to consider operating from Cyprus by also bringing their key foreign management and staff (something which solidifies their local operational substance), through establishing or relocating their main or regional headquarters in Cyprus.

Specifically, there are two Articles concerning first employment in Cyprus; Article 8(21A) regarding the 20% tax exemption and Article 8(23A) regarding the 50% tax exemption. The amendments are with effect from 1 January 2022.

Older provisions vs new amendments

For first employments which commenced up to 26 July 2022, the old provisions or transitional provisions may apply, subject to conditions. Contact us for more details on this.

No claiming of multiple exemptions

It is now explicitly provided in the Law that eligible persons can only claim either the 50% or the 20% tax exemption in any given year.

NEW INCOME TAX EXEMPTIONS - POST AMENDMENTS

- **Article 8(21A) – new 20% exemption**

20% exemption from income tax of the remuneration from first employment in Cyprus commencing after 26 July 2022 (up to a maximum exemption of €8,550 per year) by individuals who, for at least three consecutive years immediately prior to commencement of their employment, were employed outside Cyprus by a non-Cypriot resident employer.

The exemption applies for seven tax years, commencing from the tax year following the year of employment in Cyprus.

In order to benefit from the exemption, the Law does not require the individual to become a Cypriot tax resident nor the employer to be a Cypriot tax resident.

- **Article 8(23A) – new 50% exemption**

50% exemption from income tax of the remuneration from employment in Cyprus commencing from 1 January 2022 onwards, by individuals who were not tax residents of Cyprus for a period of at least 15 consecutive years (was 10 years, prior to the amendments) immediately prior to the “commencement of first employment in Cyprus” (see below for definition), provided that the remuneration exceeds €55,000 per year.

The exemption is granted once in a lifetime and applies for a maximum of 17 years or until repeal of the provisions of Article 8(23A) (whichever occurs first), commencing from the tax year of first employment in Cyprus.

Similarly to the 20% exemption, in order to benefit from the 50% exemption the Law does not require the individual to become a Cypriot tax resident nor the employer to be a Cypriot tax resident.

Moreover, the exemption is granted for any tax year in which the annual remuneration exceeds €55,000, regardless of whether the said remuneration falls below €55,000 in any tax year, provided that:

- during the first or the second year of employment in Cyprus the annual remuneration exceeded €55,000, and
- the Commissioner is satisfied that the fluctuation in the annual remuneration from employment in Cyprus is not part of an arrangement aiming to benefit from the exemption.

The amendments introduced in the “new” Article 8(23A) in June 2023 are summarised below:

- Increase of the number of minimum years of non-Cyprus tax residency prior to commencement of employment in Cyprus, from 10 to 15 years.
- Change of definition of “commencement of first employment in Cyprus”. Prior to the amendment, the exemption was granted strictly for first employment in Cyprus, with “first employment” taken to mean the exercising of salaried services in Cyprus at any previous point in time (other than the occasional employment for periods not exceeding 120 days during a tax year).



TOTALSERVE

Following the amendments, an individual is now considered to have commenced first employment in Cyprus if, for the first time after a consecutive period of 15 tax years of not exercising any salaried services in Cyprus, the individual begins to exercise salaried services in Cyprus, either to a local or to a foreign employer.

exercising any salaried services in Cyprus, the individual begins to exercise salaried services in Cyprus, either to a local or to a foreign employer.

- The period of exemption is now defined as either 17 years from the year of employment, or until repeal of the provisions of Article 8(23A) (whichever occurs first). Previously, the period of exemption was defined as either 17 years or until termination of the first employment. In practice, this meant that individuals who took up first employment in Cyprus and subsequently changed employer were no longer able to benefit from the exemption.

Therefore, it is now possible to change employer after commencement of the first employment and still continue to benefit from the exemption (provided all other conditions are met).

- Prior to the amendments, the 50% exemption was also granted in the tax year of termination of employment in Cyprus, or the tax year during which the 17-year period lapsed, provided that the remuneration from such employment during the last 12 months exceeded €55,000. This provision has now been removed.

For more information or further assistance, you may contact our senior tax manager, Marios Yenagrites, at marios.yenagrites@totalserve.eu



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Giving gifts out of income

By Amal Shah, Partner at GERALD EDELMAN LLP

Giving a monetary gift to your family and friends while you're still alive can be a smart move. Not only does this practice help reduce the value of your estate for Inheritance Tax (IHT) purposes, but it also gives your loved ones an immediate financial boost.

KEY TAKEAWAYS

- The gifts must be part of your normal expenditure – essentially there should be evidence of an intention to make regular gifts over a period of time. This can be shown, for example, by a letter stating the intention to make the gifts, or a clear pattern of payments. There is no time span over which you must show a habit of giving. HMRC guidance suggests that a reasonable time span would usually be three to four years. The gifts do not have to be given to the same person or always be of the same amount. Nonetheless, a pattern must be established. Furthermore, the gifts you give can't derive from money that has been set aside. Instead, the gifts must be made from your general pool of cash.
- The gift must be made out of income – “income” can include salary, commission, rent, dividend income and interest which has been paid out to you. However, HMRC are mindful of accumulated income and will often regard it as becoming capital if it's untouched for more than two years.

When making a gift, you must be left with sufficient income to maintain your normal standard of living – this is measured according to your individual standard of living and not that of an average person. Gifts will not normally qualify for the tax exemption if you have to resort to using accumulated capital to meet your living expenditures.

However, let's face it, estate and tax planning can get complicated quite fast, with a lot of guidelines and rules to bear in mind. Therefore, it's a good idea to get some professional advice to avoid making any common blunders when you're dispersing any surplus cash to your loved ones.

HMRC's bottom line

Before making any decisions regarding monetary gifts, it's important to understand the way in which HMRC interprets making gifts out of income.

Generally, you can regard 'gifts out of income' as exempt from IHT. For the gifts you're giving to qualify, they need to form part of your normal expenditure. In other words, they'll have to be made out of income – not family assets you've inherited - and they also can't reduce your usual standard of living. This tax exemption is latterly claimed by the executors of your estate. So, to avoid causing any headaches for your next of kin, it's important to keep comprehensive records of both gifts which are dispersed, as well as your normal expenditure.

Using the tax benefit

While you're alive, you've got something called the 'gift allowance.' The threshold is £3,000 a year, and it's also known as your annual exemption.

This means you can give away assets or cash up to the value of £3,000 in a tax year without worrying about it getting added to the value of your estate for IHT purposes.

If you're able to satisfy the conditions of the exemption, the gifts are then exempt from IHT immediately. You do not have to survive seven years from the date of the gift for your family to swerve paying more than they need to. If your circumstances change at any point, you can stop making the gifts without losing the exempted status of those you've already made.


Here's a bonus point which is an attractive quality of gift allowances: if you don't use up your annual exemption in a given tax year, you can carry it forward to the next one. However, it's important to be aware that you can only use it in the following tax year and can't retain it for any longer.

If you would like further information or guidance on giving gifts out of income, contact our Wealth Management Partner David Horowitz today.

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A large, blue registered trademark symbol (®) is centered on a white square, which is placed over a background of colorful, overlapping geometric shapes (triangles and squares) in shades of green, yellow, red, and blue.

Trademark Registration at the EUIPO

By Angelos Paphitis, managing Partner at AGP LAW

Trademark registration is an essential process for any business or individual looking to protect their intellectual property rights. A trademark is a symbol, logo, or phrase that is used to identify a particular product or service. Registering a trademark provides legal protection against others using the same or similar trademark, and it can be done through various organizations, such as the European Union Intellectual Property Office (EUIPO). In this article, we will explore the trademark registration process at the EUIPO, the countries it covers, the benefits, timeframes, oppositions, and what happens then procedurally, as well as when an opposition can succeed or fail.

The EUIPO is a centralized agency of the European Union which is responsible for the registration of trademarks and designs within the EU. It was established in 1994 and it is located in Alicante, Spain. The EUIPO manages two main registers:

- (i.) the European Union Trademark (EUTM) which provides protection for trademarks within the EU;
- (ii.) and the Registered Community Design (RCD) which provides protection for designs within the EU.

The EUTM covers all 27 member states of the European Union, including Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden. By registering a trademark with the EUIPO, the trademark owner receives exclusive rights to use their trademark in all member states of the EU.

The benefits of registering a trademark with the EUIPO are numerous. Firstly, it provides legal protection against others using the same or similar trademark, preventing confusion among customers. Secondly, it enhances the value of a business by providing a competitive advantage, as customers recognize the trademark and associate it with a particular quality or reputation. Thirdly, it can be used as a tool for licensing or franchising, allowing the trademark owner to generate additional revenue streams. Finally, it provides an international platform for trademark protection, which is essential for businesses that operate across multiple jurisdictions.



The trademark registration process at the EUIPO is straightforward and can be completed entirely online. The first step is to conduct a search to ensure that the desired trademark is available for registration. This can be done by using the EUIPO's online search tool, which allows users to search the EUTM and RCD databases. If the trademark is available, the next step is to complete the application form, which can also be done online. The application must include a description of the goods and services associated with the trademark, as well as a graphic representation of the trademark.

Once the application has been submitted, the EUIPO will conduct an examination to ensure that the trademark meets the registration requirements. This examination includes a search for prior trademarks that may conflict with the desired trademark. If the examination is successful, the trademark will be published in the EU Trademarks Bulletin, allowing third parties to file oppositions against the trademark.

Oppositions can be filed within three months of the publication date, and they must be based on the grounds specified in the EU Trade Mark Regulation. These grounds include, among others, the likelihood of confusion with prior trademarks, the existence of a prior right in a similar trademark, and the likelihood of misleading the public. If an opposition is filed, the EUIPO will provide an opportunity for both parties to present their arguments and evidence. The opposition proceedings can take several months or even years to resolve, depending on the complexity of the case.

If the opposition is successful, the trademark application will be refused, and the applicant will have the opportunity to appeal the decision. If the opposition is unsuccessful, the trademark will be registered, and the trademark owner will receive a certificate of registration. The registration will be valid for ten years, after which it can be renewed for successive ten-year periods.

It is important to note that not all oppositions will succeed. To determine whether an opposition is likely to succeed or fail, several factors must be considered. These factors include the similarity between the trademarks, the similarity between the goods and services associated with the trademarks, the degree of distinctiveness of the trademarks, and the reputation of the prior trademark.

If the opposition is based on the likelihood of confusion with prior trademarks, the EUIPO will consider the above-mentioned factors to determine whether confusion is likely to occur. These factors include the degree of similarity between the trademarks, the similarity between the goods and services associated with the trademarks, the degree of distinctiveness of the prior trademark, and the likelihood of the trademarks being used in the same market.

If the opposition is based on the existence of a prior right in a similar trademark, the EUIPO will consider whether the prior trademark has been used in commerce and whether the use of the desired trademark would infringe on the prior trademark owner's rights.

If the opposition is based on the likelihood of misleading the public, the EUIPO will consider whether the desired trademark is likely to mislead consumers as to the nature, quality, or geographic origin of the goods or services associated with the trademark.

In summary, registering a trademark with the EUIPO provides legal protection against others using the same or similar trademark within the European Union, enhances the value of a business, and can be used as a tool for licensing or franchising.

At AGP Law, we pride ourselves on our experience and dedication to providing high-quality services to our clients. Our team consists of expert lawyers in the field of trademark registration, with years of experience in helping businesses and individuals navigate the process of protecting their intellectual property. We understand the importance of trademark registration and the potential risks and legal issues that can arise without proper protection.

We are committed to providing personalized attention to each client. Our services include comprehensive research to ensure that the chosen trademark is available for registration, expert guidance on selecting appropriate classes and categories, and diligent monitoring of the registration process to ensure a smooth and successful outcome.

We take pride in our ability to provide efficient and cost-effective services without lowering quality or attention to detail. We are available to answer questions and provide guidance throughout the trademark registration process, and we are committed to ensuring our clients have the protection they need to succeed.

If you are looking to register a trademark, the AGP team will be more than happy to assist you. Contact us today at agp@agplaw.com to learn more about our services and how we can help you protect your intellectual property.



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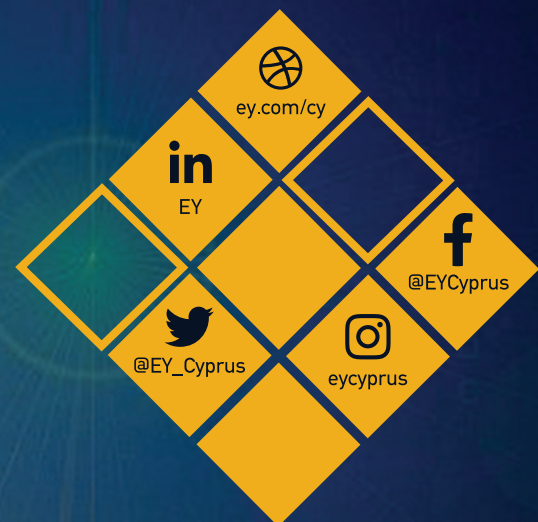


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Cyprus: Law & Practice and Trends & Developments

Andri Michael and Savvina Miltiadiou

Kinanis LLC



CYPRUS

Law and Practice

Contributed by:

Andri Michael and Savina Miltiadou
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1. Blockchain Market and Business Model Overview

1.1 Evolution of the Blockchain Market

Blockchain has been mainly popular in projects of the financial services industry, including crypto-related projects. The recently adopted Markets in Cryptoassets Regulation and the Distributed Ledger Technology Pilot Regime by the European Union is expected to create new business models utilising blockchain technology.

Nevertheless, there has been an increasing interest for use cases utilising blockchain technology outside the ambit of financial services, such as the development of a platform aiming at food traceability of Cypriot local and traditional products and the deployment of blockchain technology in the electricity market in Cyprus.

There has been a collective mission to separate blockchain technology from the crypto element and thus the initiatives on real uses cases. The bankruptcies of crypto exchanges played a role in this, however, this has not disrupted the market in Cyprus, since the regulator acted promptly to protect investors and the market's reputation.

1.2 Business Models

Blockchain is mainly used as the underlying technology by businesses in the finance and regulatory tech industry. The main applications of blockchain relate to the provision of crypto-asset services, record-keeping of transactions and KYC procedures. During 2022, eight crypto-asset service providers were registered with the Cyprus Securities and Exchange Commission, including crypto-exchange platforms.

1.3 Decentralised Finance Environment

Decentralised finance protocols have not been widely used in Cyprus so far, since there are no specific regulations for such protocols. However, certain DeFi protocols such as decentralised lending platforms, wallet aggregators, etc, are accessible to Cyprus residents.

1.4 Non-fungible Tokens

There has been an increased interest by people in Cyprus regarding NFTs, however there has not been development of NFT marketplaces or platforms for their creation in Cyprus.

It is expected that the use of NFTs will create implications regarding the ownership of NFTs, as well as intellectual property rights.

2. Regulation in General

2.1 Regulatory Overview

Currently, there is no specific legislation regarding blockchain, its application and its use.

The Anti-Money Laundering Law

The implementation of the 5th Anti-Money Laundering European Union Directive in February 2021, into the Cyprus Anti-Money Laundering Law, introduced crypto-assets into the Cyprus legislation for the first time. The law defines crypto-assets as a digital representation of value that is not issued or guaranteed by a central bank or a public authority, is not necessarily attached to a legally established currency and does not possess a legal status of currency or money but is accepted by persons as a means of exchange or investment and can be transferred, stored or traded electronically and is not:

- fiat currency;
- electronic money; or
- financial instruments as defined in Part III of the First Appendix of the Law on the Provision of Investment Services and Activities and Regulated Markets.

According to the Anti-Money Laundering Law, a crypto-asset service provider providing one or more of the following services is obliged to be registered with the Cyprus Securities and Exchange Commission unless it is a crypto-asset service provider established and registered in a member state of the EU. The services that a crypto-asset service provider may undertake are:

- exchanges between crypto-assets and fiat currencies;
- exchanges between crypto-assets;

- the management, transfer, holding or safe-keeping, including custody, of crypto-assets or cryptographic keys or means that allow the exercise of control on crypto-assets;
- the offering and sale of crypto-assets, including the initial offering; and
- the participation or provision of financial services regarding the distribution, offer and sale of crypto-assets, including the initial offering.

Financial services regarding the distribution, offer and sale of crypto-assets include the following services:

- the reception and transmission of orders;
- the execution of orders on behalf of clients;
- dealing on own account;
- portfolio management;
- the provision of investment advice;
- underwriting or the placing of crypto-assets on a firm commitment basis;
- the placing of crypto-assets without a firm commitment basis; and
- the operation of a multilateral trading facility for buying and selling crypto-assets.

European Union Markets in Crypto-Assets Regulation

In April 2023, the European Union adopted the Markets in Crypto-assets Regulation (MiCAR) regulating crypto-assets not falling within the existing financial services legal framework; ie, asset-reference tokens, e-money tokens and utility tokens. The adoption of MiCAR creates a bespoke regime for such crypto-assets, leading to legal certainty and security.

Further, MiCAR introduces uniform rules for the licensing and operation of crypto-asset service providers for services relating to the crypto-assets regulated by MiCAR. The regulation also establishes rules for the enhancement of con-

sumers' protection through the establishment of strong requirements for the provision of crypto-asset services.

MiCAR is directly applicable to all member states of the European Union, thus creating a uniform legal framework for the crypto-assets falling within its scope. In effect, it is expected that the existing national rules of the member states will be replaced by the provisions of MiCAR.

2.2 International Standards

In general, obliged entities under the Anti-Money Laundering Law, such as crypto-asset service providers, must follow the provisions of the law as described above, and the guidelines issued by the Cyprus Securities and Exchange Commission and the Central Bank of Cyprus, which are in line with the recommendations or standards proposed by the Financial Action Task Force.

2.3 Regulatory Bodies

The main regulatory bodies in Cyprus that are relevant to the use of blockchain within the ambit of financial services are the Cyprus Securities and Exchange Commission and the Central Bank of Cyprus.

The scope of their supervision, based on a technology neutral-based approach, is to supervise the companies that fall under their regulatory ambit and use the blockchain or other technology in carrying out their regulated activities.

Further, the Cyprus Securities and Exchange Commission is responsible for the supervision of crypto-asset service providers, registered in accordance with the Anti-Money Laundering Law. It is expected that the Cyprus Securities and Exchange Commission will be the designated competent authority under MiCAR for the

licensing and supervision of the crypto-asset service providers.

The Central Bank of Cyprus is also active in the discussions regarding the application of blockchain in the banking services industry. The Central Bank also issues regular warnings to the public regarding the volatility of crypto-assets and their risks.

Another important stakeholder to the promotion of blockchain and other technologies is the Deputy Ministry of Research, Innovation and Digital Strategy. Its responsibility is to develop and implement a national digital policy in Cyprus and to participate in the establishment of an enabling ecosystem for private and public use cases.

2.4 Self-Regulatory Organisations

There are no non-governmental organisations that exercise regulation specifically on the use of blockchain per se. There are trade groups that aim to educate their members as to the use of blockchain in various industries.

The Cyprus Blockchain Technologies (CBT) is a private, non-profit and autonomous think-tank organisation with no regulatory power, which was established to unite the Cyprus community of blockchain stakeholders from all industries and sectors. CBT has been, and still is, an important stakeholder in the promotion of blockchain and other distributed ledger technologies in Cyprus actively providing a valuable source of education, training and know-how on the matter.

2.5 Judicial Decisions and Litigation

There have not been any important judicial decisions on the use of blockchain, smart contracts or the use of such technology at large. The current ongoing disputes relate mainly to crypto

claims as a result of fraud and mismanagement of wallets.

2.6 Enforcement Actions

There is no law and probably there will never be a law regulating the technology as such, as this will hinder innovation and promotion of new technologies. We expect though to see court decisions relating to cases of stolen cryptos and wallets which may help set the parameters of crypto-assets service provider and investor protection.

2.7 Regulatory Sandbox Innovation Hub

In 2018, the Cyprus Securities and Exchange Commission launched its innovation hub, to create communication channels between the Cyprus Securities and Exchange Commission and entities, both in Cyprus and abroad, which are involved in fintech and regtech. By applying to the innovation hub, an entity can receive an opinion on how its product will be treated under the existing regulations.

Regulatory Sandbox to Enable Fintech

In 2022, the Cyprus Securities and Exchange Commission issued a public tender for the establishment of a regulatory sandbox to facilitate innovation in fintech and regtech. It is expected that the sandbox will be established in the next couple of years.

2.8 Tax Regime

Cryptocurrencies are not considered as a currency in Cyprus and there is no specific tax provision in place for their treatment just yet. Therefore, it is expected that cryptocurrencies will be taxed based on their nature and characteristics. In effect, crypto-assets characterised as security tokens shall be treated differently from crypto-

assets characterised as utility tokens or payment tokens.

2.9 Other Government Initiatives

An ad hoc committee consisting of lawyers, technical experts and other related professionals was established to create guidelines relating to the drafting of the Bill on Distributed Ledgers Technology and to recommend use cases of the blockchain technology.

3. Cryptocurrencies and Other Digital Assets

3.1 Ownership

Currently, there are no specific rules relating to the ownership of digital assets, nor any decision as to whether digital assets constitute property in Cyprus. Where digital assets are held in a digital wallet, the person holding the private key to that wallet may be defined as the owner of the digital assets.

3.2 Categorisation

In the absence of any specific national legislation, crypto-assets are categorised pursuant to their characteristics and rights they confer to their holders. The definition of crypto-assets in the Anti-Money Laundering Law may serve as a guidance for the categorisation of crypto-assets. Crypto-assets are defined as a digital representation of value that is not issued or guaranteed by a central bank or a public authority, is not necessarily attached to a legally established currency and does not possess a legal status of currency or money but is accepted by persons as a means of exchange or investment and can be transferred, stored or traded electronically and is not:

- fiat currency;

- electronic money; or
- financial instruments as defined in Part III of the First Appendix of the Law on the Provision of Investment Services and Activities and Regulated Markets.

3.3 Stablecoins

There are no precise rules and regulations in Cyprus regarding stablecoins. The issuance and investment in stablecoins depend on the type of asset to which the stablecoin is pegged.

3.4 Use of Digital Assets

In Cyprus, certain businesses and individuals accept payments made with cryptocurrencies. However, due to the absence of specific rules regarding such payments, this payment method is not widely used.

3.5 Non-fungible Tokens

No specific rules are available for the creation, marketing or sale of NFTs in Cyprus. Further, tax laws do not clarify how NFTs will be taxed.

4. Exchanges, Markets and Wallet Providers

4.1 Types of Markets

There are several exchanges and marketplaces available for users in Cyprus, both custodial and non-custodial, as well as decentralised exchanges. In general, custodial exchanges operating in Cyprus as crypto-asset service providers, require users to complete the relevant KYC procedures, unlike non-custodial exchanges which do not require users to follow such procedures.

Further, in Cyprus, the markets for digital assets are still developing, even though there are several exchanges and marketplaces available.

4.2 On-Ramps and Off-Ramps

The exchange of fiat currency for cryptocurrencies and vice-versa is done through crypto-exchange platforms, which are either centralised or decentralised.

Crypto-exchange platforms must get registered with the Cyprus Securities and Exchange Commission, as crypto-asset service providers. Entities which facilitate the exchange of fiat-to-crypto and crypto-to-fiat are subject to AML and CFT financing regulations. Depending on the type of cryptocurrencies involved in the exchange, the crypto exchange entity may be subject to securities regulations, including licensing requirements.

4.3 KYC/AML/Sanctions

Crypto-asset service providers are considered as obliged entities and are subject to anti-money laundering laws. The relevant AML/KYC rules are set out in the Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2018, which transposes the EU's Fourth Money Laundering Directive (4AMLD) into Cyprus law.

Pursuant to the law, crypto-asset service providers, including exchanges and custodial wallet providers, are required to verify the identity of their customers and conduct due diligence on their transactions. They must also establish internal AML/CFT policies and procedures, appoint a compliance officer, and report suspicious transactions to the relevant authorities.

Cyprus also enforces economic and trade sanctions imposed by the United Nations and the European Union. These sanctions apply also to digital assets transactions and are implemented by the Central Bank of Cyprus in collaboration with other relevant authorities.

Cyprus has also implemented regulations that specifically address crypto-assets, including the Cyprus Securities and Exchange Commission's guidance on the regulation of crypto-assets. The guidance provides an overview of the application of existing financial regulations to cryptocurrencies and related activities, including licensing requirements for crypto-exchanges and the treatment of crypto-assets under securities laws.

4.4 Regulation of Markets

The markets for digital assets in Cyprus are regulated by multiple authorities, including the Cyprus Securities and Exchange Commission and the Central Bank of Cyprus.

The Cyprus Securities and Exchange Commission is the primary regulatory body for digital assets and oversees their trading, issuance and offering to the public, since it supervises crypto-asset service providers. The guidelines governing the operations of such providers govern a variety of areas such as investor protection, anti-money laundering and risk management.

Even though there have not been many enforcement actions in Cyprus in relation to crypto-assets, there have been some cases of fraudulent activities for initial coin offerings. In this respect, Cyprus Securities and Exchange Commission issues warnings relating to crypto-assets from time to time.

4.5 Re-hypothecation of Assets

Currently, there are no specific regulations in Cyprus that address the re-hypothecation of digital assets held by a digital asset exchange on behalf of its customers. However, the general legal principles of agency and fiduciary duty may apply to the relationship between a digital asset exchange and its customers.

4.6 Wallet Providers

Currently, there are no specific regulations in Cyprus applicable to businesses that provide online or offline storage solutions. Depending on the line of business, existing laws may be applicable.

5. Capital Markets and Fundraising

5.1 Initial Coin Offerings

An entity offering and/or selling crypto-assets, including an initial offering not falling under any other existing regulatory framework, must get registered as a crypto-asset service provider with the Cyprus Securities and Exchange Commission.

Further, when launching an ICO, an entity should consider very carefully the existing regulatory framework, taking into consideration:

- whether tokens issued are considered securities or financial instruments under MiFID II and generally MiFID II compliance;
- whether it falls within the provisions of the Prospectus Directive;
- whether it may qualify as a licensed investment scheme;
- compliance with legislation on AML and GDPR; and
- possible tax implications for the parties involved.

5.2 Initial Exchange Offerings

The regulations applicable to fundraising through the sale of tokens by using a digital asset exchange as an intermediary is subject to regulations set by the Cyprus Securities and Exchange Commission. Securities regulations may be applicable depending on the nature of the tokens.

5.3 Other Token Launch Mechanisms

There are no different rules on the treatment of the distribution of crypto-assets by airdrop or by any other means.

5.4 Investment Funds

There are no special regulations at a national level applicable to crypto funds other than the restrictions applicable under the EU Alternative Investment Funds Managers Directive. In practice, the Cyprus Securities and Exchange Commission allows only alternative investment funds with a limited number of persons to be created as crypto funds. As for investments in digital assets that could be characterised as securities, the same rules as private equity funds would apply.

5.5 Broker-Dealers and Other Financial Intermediaries

Broker-dealers must be registered with the Cyprus Securities and Exchange Commission as crypto-asset service providers.

6. Smart Contracts

6.1 Enforceability

Due to the absence of a legal framework and a precedent by the courts as to how smart contracts should be treated, there are no guidelines as to what extent smart contracts are enforceable legal contracts under Cyprus law. In cases where smart contracts do not create novel legal issues as to their legality and enforceability, then they should be treated as traditional contracts. Certain issues may arise when smart contracts create novelty due to their automatic and irreversible nature.

The modernisation of some pieces of existing legislation is imperative to integrate smart contracts in the legal system of Cyprus.

6.2 Developer Liability

There has not been any guidance in Cyprus so far regarding the liability of developers.

7. Lending, Custody and Secured Transactions

7.1 Decentralised Finance Platforms

There is no specific legal framework addressing the operation of DeFi platforms at the moment. Although MiCAR in principle does not apply to DeFi, in DeFi projects that have some degree of centralisation by having an identifiable intermediary, such intermediary could be liable under MiCAR provisions.

7.2 Security

It is not common at all for traditional lending institutions to accept digital assets as collateral to loans.

7.3 Custody

The safekeeping and custody of crypto-assets falls within the ambit of AML provisions as described above. Any legal person acting as custodian of crypto-assets must be registered as CASP with the Cyprus Securities and Exchange.

8. Data Privacy and Protection

8.1 Data Privacy

To the extent possible, the European Union General Data Protection Regulation (GDPR) must be applicable to blockchain-based products. It is evident that the decentralised and immutable nature of blockchain conflicts with the provisions

of the GDPR, such as the right to be forgotten. Due to the immutable character of blockchain, compliance with data privacy and data protection may be problematic and therefore, it should be something to be taken into consideration during the development of a blockchain which will include personal data.

8.2 Data Protection

Please see 8.1 Data Privacy.

9. Mining and Staking

9.1 Mining

There are no specific laws regarding mining activities in Cyprus and mining is not characterised as an activity which requires the granting of a licence or the registration with the Cyprus Securities and Exchange Commission.

9.2 Staking

Staking of tokens is not regulated in Cyprus so far.

10. Decentralised Autonomous Organisations (DAOs)

10.1 General

There are no specific national regulations governing the operations of DAOs other than the ones applicable to the token issuance and crypto-assets under the AML regime. In effect, the use of DAOs within the national financial ecosystem is not so common given the absence of any traditional governance rules.

10.2 DAO Governance

Given the decentralised nature of DAOs, it is not easy to assess the activity of DAOs in any jurisdiction. Due to the legal uncertainty as to the use of DAOs, off-chain elements still form part of such organisation. This is not a trend only in Cyprus.

10.3 Legal Entity Options

It is more common to see issuers in the form of legal entities such as limited liability companies or investment schemes, rather than DAOs being at the core of the structures, due to governance rules not being in place. Using legal entities defeats the purpose of decentralisation, however, from a legal perspective, provides certainty, and in most cases, regulation.

Trends and Developments

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Introduction

Cyprus has been gradually developing its blockchain ecosystem, with a number of key actions and developments.

In May 2019, the Cyprus government launched its National Blockchain Strategy (NBS), aiming to promote the development of blockchain through innovation and the co-operation between the public and private sector. The government identified the needs of the market, by collaborating with entities, and committed to implement the NBS. Along with the adoption of the NBS, Cyprus has signed the European Blockchain Partnership and the Declaration of the Southern Mediterranean Countries on Distributed Ledger Technologies, to empower the co-operation with parties abroad.

The Cyprus government had set as a priority to establish Cyprus as a technological hub, through the enhancement of the application of technology by both the private and public sector. The optimisation of the services offered by the public and private sector could be achieved with the introduction of blockchain to areas of interest, such as the financial services sector, including compliance and KYC procedures, the education system, the land registry and the national health system.

Financial Services

Even though there is no legal framework governing the application of blockchain in Cyprus, there has been an immense interest, particularly from entities in the financial and regulatory technology space that use blockchain as a core technology.

For the first time in 2021, the Anti-Money Laundering Law introduced crypto-assets and crypto-asset service providers in the Cyprus legal framework.

According to the provisions of the AML Law, a crypto-asset is “a digital representation of value that is not issued or guaranteed by a central bank or a public authority, is not necessarily attached to a legally established currency and does not possess a legal status of currency or money, but is accepted by persons as a means of exchange or investment and which can be transferred, stored or traded electronically and that is not:

- fiat currency;
- electronic money; or
- financial instruments as defined in Part III of the First Appendix of the Law on the Provision of Investment Services and Activities and Regulated Markets”.

Further, under the AML Law, crypto-asset service providers (CASPs) providing services in or from Cyprus, are considered as obliged entities with relevant anti-money laundering obligations. In effect, CASP providing one or more of the following services is obliged to get registered with the Cyprus Securities and Exchange Commission, unless it is a CASP established and registered in a member state of the EU. In such case, the CASP must follow a notification procedure. The relevant services are:

- exchange between crypto-assets and fiat currencies;
- exchange between crypto-assets;
- management, transfer, holding and/or safe-keeping, including custody, of crypto-assets or cryptographic keys or means which allow the exercise of control on crypto-assets;
- offering and/or sale of crypto-assets, including the initial offering; and
- participation and/or provision of financial services regarding the distribution, offer and/or sale of crypto-assets, including the initial offering.

Financial Services regarding the distribution, the offer and/or the sale of crypto-assets means the following services and activities relating to crypto-assets:

- reception and transmission of orders;
- execution of orders on behalf of clients;
- dealing on own account;
- portfolio management;
- provision of investment advice;
- underwriting and/or placing of crypto-assets on a firm commitment basis;
- placing of crypto-assets without a firm commitment basis; and
- operation of a multilateral trading facility for buying and selling crypto-assets.

Following that, the Cyprus Securities and Exchange Commission issued a policy statement on the registration and operations of crypto-asset service providers, clarifying how blockchain-based solutions could be used within the existing regulatory framework. Further, Cyprus has seen a rise in cryptocurrency adoption in recent years, with an increasing number of businesses and individuals accepting cryptocurrencies as a payment method.

Education and Training

It is worth mentioning that Cyprus is home to several blockchain education and training initiatives, aimed at fostering the development of local blockchain talent. These initiatives include the Cyprus Blockchain Technologies, a non-governmental think-tank, which provides training and education programmes for blockchain developers, as well as the University of Nicosia's Blockchain Initiative, which offers a range of blockchain-related courses and degrees.

Further, the Cyprus Bar Association, through its Technology Committee, organises seminars for lawyers, providing guidance regarding new technological advancements.

Blockchain-Based Solutions

There has been a growing number of blockchain-based solutions being developed in Cyprus, with a focus on areas such as supply chain management, healthcare and identity verification. These solutions are being developed by both local startups and international companies setting up operations in the country.

State General Laboratory

The State General Laboratory of Cyprus initiated a competition for the development of a platform aimed at food traceability of Cypriot local and traditional products using decentralised tech-

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nology (eg, blockchain). The platform will be supported by the existing isotopic database of Cypriot local and traditional food/drinks. The use of decentralised technology ensures the identity, authenticity, quality and security of products. The platform will be developed within the framework of the “IsoDataBase” project.

Cyprus Energy Regulatory Authority

The Cyprus Energy Regulatory Authority initiated a call for tender on consultancy services for establishing guidelines on the deployment of blockchain technology in the electricity market in Cyprus.

Regulatory Sandbox and New Trends

The above-mentioned use cases, the upcoming creation of a regulatory sandbox by the Cyprus Securities and Exchange Commission and the upcoming European pieces of legislation, are stepping stones to strengthen Cyprus’ position as the home for many tech companies.

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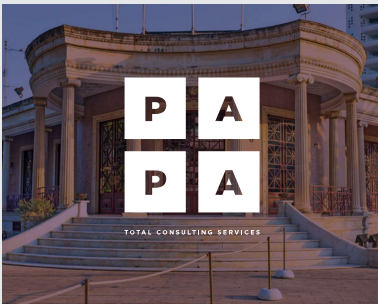
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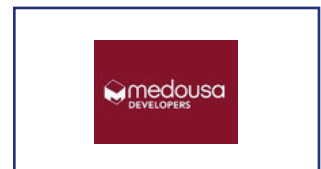
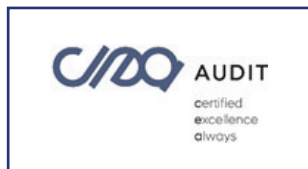
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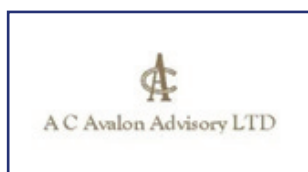
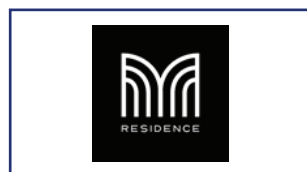
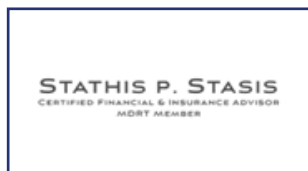
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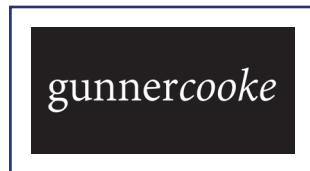
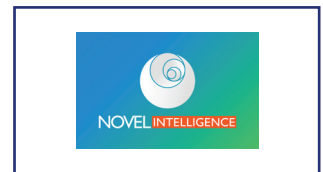












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