

UNOFFICIAL TRANSLATION

The Enforcement of Restrictive Measures on Transactions in case of Emergency Law of 2013

Decree as per articles 4 and 5

WHEREAS there is lack of substantial liquidity and risk of deposits outflow with possible outcome the risk of the viability of the credit institutions with chain effects that could lead to instability of the financial system and have destabilizing consequences on the economy and society of the country as a whole,

AND WHEREAS under these circumstances an emergency situation is created,

For safeguarding public order and public security and for overriding reasons of public interest,

12(I) of 2013

The Minister of Finance in exercising the powers granted to him by sections 4 and 5 of the Enforcement of Restrictive Measures on Transactions in case of Emergency Law of 2013, following a recommendation from the Governor of the Central Bank, issues the following Decree:

Short title.

1. The present Decree shall be cited as the Enforcement of Temporary Restrictive Measures on Transactions in case of Emergency Twenty Eighth Decree, of 2014.

Interpretation

2. (1) In the present Decree, unless a different meaning results from the context-

«Committee» means the Committee established by virtue of section 9 of the Law.

81(I) of 2012.

«electronic money institution» has the meaning ascribed to that term in section 2 of the Electronic Money Law of 2012 .

128(I) of 2009
52(I) of 2010.

«Payment Institution» has the meaning ascribed to that term in section 2 of the Payment Services Law of 2009 and 2010 and includes the Cyprus Post in providing money transfer services.

«Law» means The Enforcement of Restrictive Measures on Transactions in case of Emergency Law of 2013.

«debit and or credit and or prepaid card» means debit and or credit and or prepaid card issued by a credit institution or payment institution or electronic money institution.

«cashless payment means payment by cheque and or by direct debit and or by standing order».

(2) Terms not otherwise defined in this Decree shall have the meaning ascribed to them by the Law.

Imposition of restrictive measures.

3. By virtue of sections 4 and 5 of the Law, following a recommendation by the Governor and with the consent of the Governor, the following restrictive measures are imposed:

(a) The cashing of cheques is prohibited.

(b) The following are permitted:

(i) cashless payment or transfer of deposits/funds to accounts held in other credit institutions within the Republic up to €50.000 per month per natural person in each credit institution regardless of the purpose .

(ii) cashless payment or transfer of deposits/funds to accounts held in other credit institutions within the Republic up to €200.000 per month per legal person in each credit institution regardless of the purpose .

(iii) cashless payment or transfer of deposits/funds to accounts held in other credit institutions within the Republic for the purchase of goods and or services regardless of the amount :

Provided that the cashless payment from one credit institution to another, for

Official Gazette,
Third Part (I)
27.3.2013.

a person's own account is not permitted:

Provided further that the credit institution may request justifying documents if it is deemed necessary.

- (c) Cashless payment and or transfer of deposits/funds to accounts held abroad are prohibited, with the exception of-

(i) transaction that falls within the normal business activity of the customer upon presentation of justifying documents as follows-

(aa) payment and or transfer of deposits/funds of up to €1.000.000 per transaction, is not subject to the Committee's approval:

Provided that each credit institution shall ensure that the justifying documents presented in each case, justify the execution of the payment and or of the transfer of deposits/funds.

(bb) payment and or transfer of deposits/funds above €1.000.000 per transaction, is subject to the Committee's approval. The relevant credit institution shall submit to the Committee a request for each such payment and or transfer of deposits/funds as well as the necessary justifying documents. The relevant payment institution may submit to the Committee a request for each such payment and or transfer of deposits/funds and the necessary justifying documents and the name of the credit institution involved. The Committee in taking its decision takes into account the justifying documents and the liquidity buffer situation of the credit institution. The Committee's decision is communicated to the credit institution in every case and to any relevant payment institution.

Provided that the Committee may request information for payment and or transfer falling within the category of section (bb).

(ii) payments for salaries of employees upon presentation of supporting documents.

(iii) living expenses up to €5.000 per quarter as well as tuition fees, of a person who is studying abroad and is a first degree relative of a Cyprus resident, on the basis of supporting documents:

Provided that payment and or transfer for living expenses shall be allowed only upon submission to the relevant credit institution of documents establishing that the person receiving the payment and or transfer of deposits/funds is studying abroad and is a first degree relative of a Cyprus resident:

Provided further that tuition fees shall be paid only to the beneficiary educational institution, upon submission of the relevant justifying documents:

Provided still further that the credit institution maintains a catalogue in which it records and monitors all payments:

Provided still still further that the Committee may require the submission, to its attention, of the catalogue mentioned in the above proviso and or information on any payment and or transfer which falls under case (iii).

(iv) transfers of deposits/funds outside the Republic up to €5.000 per month, per person for each credit institution and or payment institution regardless of the purpose.

- (d) Sums transferred from a fixed term deposit to a sight/current account shall be subject to the restrictive measures applicable to sight/current accounts.

- (e) Exports of euro notes and/or foreign currency notes are prohibited in excess of €3.000, or the equivalent in foreign currency, per natural person per journey abroad. The Director of Customs and Excise Department shall ensure the implementation of this measure.

- (f) Every financial transaction, payment and or transfer which has not been completed prior to the entry into force of the Enforcement of Temporary Restrictive Measures on Transactions in case of Emergency First Decree, of 2013 shall be subject to the restrictive measures provided in this Decree:

Provided that any financial transaction, payment and or transfer, which has not been processed by the credit institution prior to the entry into force of the Enforcement of Temporary Restrictive Measures on Transactions in case of Emergency First Decree, of 2013 shall be cancelled and will have to be submitted anew.

- (g) Credit institutions shall not facilitate the circumvention of the restrictive measures.
- (h) The restrictive measures apply to all accounts, payments and transfers regardless of the currency denomination.
- (i) It is prohibited to transfer euro notes and/or foreign currency notes, in areas of the Republic, where the Republic does not exercise effective control, in excess of the amount of –

- (i) €300 daily or its equivalent in foreign currency, per natural person who has its permanent residence in the Republic:

Provided that, in the case a natural person resides in areas of the Republic where the Republic does not exercise effective control, the transfer of euro notes in excess of €300 is permitted, if the euro notes originate from a salary payment, in the areas where the Republic exercises effective control, upon presentation of justifying documents,

- (ii) €500 daily or its equivalent in foreign currency, per natural person who has its permanent residence abroad.

The Director of Customs and Excise Department shall ensure the implementation of this measure.

- (j) The opening of a new account for any person who is not an existing customer of a credit institution on the date of entry into force of the Enforcement of Temporary Restrictive Measures on Transactions in case of Emergency Sixth Decree of 2013, is prohibited unless-

(i) the account will only be credited with funds transferred from abroad to the Republic, or

(ii) the prior approval of the Committee is obtained or.

(iii) The account is a new fixed term deposit created with funds from cash provided that :

(aa) the amount to be deposited exceeds €5.000 and

(bb) the new fixed term deposit cannot be terminated prior to its maturity.

Provided that upon the first maturity of the fixed term deposit the funds from the fixed term deposit will not be subject to the restrictive measures imposed by sub-paragraph (b) of the Decree:

Provided further that the opening of a current account for the beneficiary/beneficiaries of the fixed term deposit is prohibited, or

- (iv) The account relates to a new loan granted after the entry into force of the Enforcement of Temporary Restrictive Measures on Transactions in case of Emergency Nineteenth Decree of 2013:

Provided that the opening of a current/sight account related to the new loan is permitted and the funds in the current/sight account can only be used for

the servicing of the loan and for the regular activity of the customer and not for depositing purposes:

Provided further that the credit balance of the current/sight account, cannot at any time exceed the amount of the loan balance:

Provided even further that the loan proceeds must be disbursed into a current/sight account, within the same credit institution, within the Republic and shall be subject to the prevailing restrictive measures. The funds in the current/sight account can be deposited in cash or be transferred from an account abroad or from other accounts within the Republic, subject to the prevailing restrictive measures.

- (k) It is prohibited to add new beneficiaries in a current/sight account unless the prior approval of the Committee is obtained.

Exemptions.

4. Exempted from the restrictive measures are:

- a. All money transferred to the Republic from abroad, during or after the date of entry into force of the Enforcement of Temporary Restrictive Measures on Transactions in case of Emergency First Decree, of 2013:

Provided that, if money transferred from abroad to a credit institution in the Republic, during or after the date of entry into force of the Enforcement of Temporary Restrictive Measures on Transactions in case of Emergency First Decree, of 2013, are re-transferred to a second credit institution in the Republic, the second credit institution considers that the money fall under the exemption of the present subparagraph only if the first credit institution in the Republic, clarifies in the details of the transfer that the money fall under the exemption of the present subparagraph.

- b. Withdrawal of cash using credit and or debit and or prepaid card issued by foreign institutions on accounts abroad·
- c. The cashing of cheques issued on accounts held with foreign institutions abroad·
- d. Cash withdrawals from accounts of credit institutions with the Central Bank.
- e. Payments and receipts of the Republic ·
- f. Payments and receipts of the Central Bank·
- g. The foreign diplomatic missions and the UN missions in the Republic based on the exemptions specified in the Vienna Convention for Diplomatic Relations and the Agreements between the Republic and the United Nations and other international Agreements which have precedence over national legislations.
- h. The payments via a debit and or credit and or prepaid card.
- i. Transactions or payments that have been authorised by the Committee.

Repeal of the Decree.
Official Gazette,
Third Part (I)
21.2.2014.

5. The Enforcement of Temporary Restrictive Measures on Transactions in case of Emergency Twenty Seventh Decree, of 2014 is repealed, on the date of entry into force of the present Decree.

Validity of this Decree.

6. This Decree shall apply for a thirty five day period starting on the 31st of March 2014.

Harris Georgiades
Minister of Finance

28 March, 2014