

CENTRAL BANK OF CYPRUS

EUROSYSTEM

GENERAL CRITERIA FOR THE IDENTIFICATION OF SPECIAL PURPOSE ENTITIES - SPES

An enterprise is usually considered as an SPE if it meets the following criteria:

- i) The enterprise is a legal entity:
 - a) formally registered with a national authority; and
 - b) subject to fiscal and other legal obligations of the economy in which it resides.
- ii) The enterprise is controlled directly or indirectly, by a non-resident parent.
- iii) The enterprise has no or few employees, little or no production in the host economy and little or no physical presence in the economy in which it is created by its parent, which is typically located in another country.
- iv) Almost all the assets and liabilities of the enterprise represent investments in or from other countries.
- v) The core business of the enterprise consists of group financing or holding activities, i.e. the channelling of funds from non-residents to other non-residents. However, in its daily activities, managing and directing plays only a minor role.