

## 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 that justifies the enforcement of temporary restrictive measures on transactions in order to safeguard financial stability,

AND WHEREAS under these circumstances it is not necessary to impose the same restrictive measures on all credit institutions

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 and the consent of 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 of Foreign Banks in case of Emergency Twenty First Decree, of 2014.

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

“international customer” means a customer of a credit institution that is included in the catalogue, who is:

(a) non resident of Cyprus as defined in the Directive of the Central Bank of Cyprus for the definition of the word "resident of Cyprus" for statistical purposes, issued on 27 June 2008 under the Central Bank of Cyprus Laws of 2002 to 2007 or

(b) a corporation, trust, partnership or legal entity, whereby 100% of the ultimate beneficial owners thereof are non resident natural persons or a company listed on a recognised exchange ,outside the Republic, as defined in the Directive for the calculation of the capital requirements and large exposures of banks of 2006 to (No.2) of 2011. Provided that

any such company is not listed on the Cyprus Stock Exchange or

- (c) a corporation, trust, partnership or legal entity, whereby more than 90% of the ultimate beneficial owners thereof are non resident natural persons and the rest 10% of the ultimate beneficial owners that are resident natural persons are not citizens of Cyprus:

Provided that the Committee's approval has been obtained prior to the inclusion of such a customer in the list of international customers.

“domestic customer” means a customer of a credit institution in the Republic other than an international customer.

“compliance officer” means the compliance officer as defined in section 69 of the the Prevention and Suppression of Money Laundering Activities Law.

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

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

- 3. (1) A credit institution that satisfies the conditions of this paragraph may apply to the Central Bank requesting its inclusion in the catalogue of credit institutions set out in the Annex of this Decree.

A credit Institution is only included in the catalogue set in the Annex of this Decree provided that the Governor is satisfied that all of the following conditions are met:

- a. The credit institution is a branch or a more than 50% subsidiary of a foreign bank.
- b. The credit institution for the purpose of giving effect to this Decree internally splits into two operations: one dealing with international customers and the other with domestic customers.
- c. In the case of a subsidiary of a foreign bank:
  - i. A letter of comfort is provided to the Central Bank of Cyprus from the parent bank of the credit institution confirming that it will always support the liquidity position of the subsidiary in the Republic so that the subsidiary in the Republic will not request Emergency Liquidity Assistance from the Central Bank of Cyprus or liquidity from Eurosystem credit operations.
  - ii. A standby credit facility is provided to the subsidiary by the parent bank for an amount of at least equal to 30% of

customer deposits.

- iii. The ratio of liquid assets, as liquid assets are defined in the Directive to Banks on the Computation of Prudential Liquidity in all currencies (Revised November 2010), to total customer deposits will not be lower than 60%.

With respect to liened (blocked funds) held as collateral for credit facilities granted, the lower between the liened (blocked) funds and outstanding credit facility balance shall be excluded from the total customer deposits mentioned in (ii) and (iii).

- d. A list of the international customers is submitted to the Central Bank of Cyprus in a standardised electronic template in a format specified by the Central Bank of Cyprus with written confirmation from the Compliance Officer of the credit institution that all the persons included in the list of international customers are international customers as defined in paragraph 2 of this Decree.
  - e. The Central Bank of Cyprus, if it deems necessary, may request the External Auditors of the credit institution to confirm in writing that the credit institution meets all the conditions of this section.
- (2) The Compliance Officer of a credit institution that is included in the catalogue shall regularly monitor compliance with the conditions of this section and report any change immediately to the Central Bank of Cyprus.
  - (3) New international customers may be added on the list of international customers submitted to the Central Bank of Cyprus under paragraph 3(1)(d).

Provided that the credit institution shall immediately notify the Central Bank of Cyprus of any changes to the list of international customers submitted to the Central Bank of Cyprus under paragraph 3(1)(d) and submit to the Central Bank of Cyprus the new list of international customers with written confirmation from the Compliance Officer of the credit institution that is included in the catalogue, that all the persons in the list of international customers are international customers as defined in paragraph 2 of this Decree. Whereas the new list of international customers replaces the old list and enters into force immediately after confirmation of the Central Bank of Cyprus about the receipt of the list.

Provided that the Central Bank of Cyprus may, if it deems necessary, request additional confirmation from the External Auditors of the credit institution.

- (4) The Compliance Officer of the credit institution that is included in the catalogue shall electronically report the credit institution's transactions weekly to the Central Bank of Cyprus.
- (5) A credit institution shall remain in the catalogue set in the Annex of this Decree provided that all the conditions of this section are continuously met. The Central Bank of Cyprus shall control/monitor the implementation of this condition and proceeds to a relevant recommendation to the Minister on any necessary revision of the said catalogue.

4. 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 on credit institutions that are included in the catalogue which is set in the Annex of this Decree:

- (a) All cashless payments or transfers of deposits/funds from a credit institution that is not included in the above mentioned catalogue to an international customer of a credit institution included in the catalogue or to such a credit institution's own account are considered as cashless payments or transfers of deposits/funds to accounts held abroad and are subject to the provisions of any other Decree issued under the Law.
- (b) All cashless payments or transfers of deposits/funds from a domestic customer to an international customer of a credit institution included in the catalogue or to such a credit institution's own account are considered as cashless payments or transfers of deposits/funds to accounts held abroad and are subject to the provisions of any other Decree issued under the Law.
- (c) All cashless payments or transfers of deposits/funds from a credit institution that is included in the above mentioned catalogue, for its own account or by the order of an international customer, are permitted and are not subject to any restrictive measure imposed under any other Decree issued under the Law.
- (d) All transactions between a credit institution that is included in the catalogue and an international customer are permitted and are not subject to any restrictive measure imposed under any other Decree issued under the Law.
- (e) All transactions between international customers are permitted and are not subject to any restrictive measure imposed under any other Decree issued under the Law.

(f) All transactions between a credit institution that is included in the above mentioned catalogue, by the order of an international customer or for their own account, and an entity outside the Republic are permitted and are not subject to any restrictive measure imposed under any other Decree issued under the Law.

(g) A credit institution that is included in the above mentioned catalogue is prohibited from:

66(l) of 1997  
74(l) of 1999  
94(l) of 2000  
119(l) of 2003  
4(l) of 2004  
151(l) of 2004  
231(l) of 2004  
235(l) of 2004  
20(l) of 2005  
80(l) of 2008  
100(l) of 2009  
123(l) of 2009  
27(l) of 2011  
104(l) of 2011  
107(l) of 2012  
14(l) of 2013  
87(l) of 2013  
102(l) of 2013

i. servicing a domestic customer or its related parties as defined in article 11(3) of the Business of Credit Institutions Laws of 1997 to (No. 3) of 2013 that maintain an account with its Head Office and or

ii. opening of a new account and or soliciting and obtaining business from a domestic customer who was not an existing customer of the said credit institution on the date of entry into force of the Enforcement of Temporary Restrictive Measures on Transactions of Foreign Banks in case of Emergency First Decree, of 2013 unless the new account relates to a new loan granted after the entry into force of the Enforcement of Temporary Restrictive Measures on Transactions of Foreign Banks in case of Emergency Twelfth Decree, of 2013 and provided that the loan is not funded from customer deposits, and/or new indirect credit facility (e.g. letter of guarantee, letter of credit) to be granted after the entry into force of this Decree:

Provided that the opening of a current/sight account related to the new loan and/or new indirect credit facility is permitted and the funds in the account can only be used for the servicing of the loan and/or the new indirect credit facility and for the regular activity of the client and not for depositing purposes:

Provided further that the credit balance of the current/sight account, cannot at any time exceed the one hundred and twenty percent (120%) of the loan balance:

Provided still further that if only indirect credit facility is granted, the credit balance of the sight/current account does not exceed at any time the one hundred and twenty percent (120%) of the balance of the indirect credit facility:

Provided still still 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 restrictive measures imposed to current/sight accounts under any other Decree issued under the Law.

The funds in the sight/current 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.

(h) All domestic customers are also subject to the restrictive measures imposed by any other Decree issued under the Law.

Provided that all permissions relating to an international customer are applicable only if accounts of international customers, since the entry into force of the Enforcement of Temporary Restrictive Measures on Transactions in case of Emergency First Decree, of 2013 and until the date the credit institution is included in the above mentioned catalogue, have not been credited with funds from accounts of domestic customers and with funds from domestic banks.

Provided further that in the case that funds from accounts of domestic customers and funds from domestic banks have been credited into the account of an international customer, since the entry into force of the Enforcement of Temporary Restrictive Measures on Transactions in case of Emergency First Decree, of 2013 and until the date the credit institution is included in the above mentioned catalogue, these funds shall be subject to the provisions of any other Decree issued under the Law.

5-(1) The Enforcement of Temporary Restrictive Measures on Transactions of Foreign Banks in case of Emergency Twentieth Decree, of 2014 is repealed, on the date of entry into force of the present Decree.

(2) The repeal of the Decree referred to in subparagraph (1) does not-

- (a) restore anything that is not in force or does not exist at the time of repeal, and
- (b) affect the previous validity of the repealed Decree or anything that took place normally or allowed by virtue of the said Decree, and
- (c) affect a right, a privilege, an obligation or a responsibility that is derives from the repealed Decree, and
- (d) affect penalty, forfeiture or punishment incurred for an offense committed in violation of the repealed Decree, and
- (e) affect an investigation, a legal proceeding or remedy related to any right, privilege, obligation, liability, penalty, forfeiture or punishment as mentioned above,

and such investigation, legal proceeding or remedy that can arise, continued or executed, and such penalty, forfeiture or punishment can be imposed as if the said Decree is not repealed.

6. This Decree shall apply for a twenty eight day period starting on the 2<sup>nd</sup> of June 2014.

Harris Georgiades  
Minister of Finance

30<sup>th</sup> May 2014.

**APPENDIX**  
**[Paragraph 3(1) and (5) and paragraph 4]**  
**CATALOGUE OF CREDIT INSTITUTIONS**

<b>1.</b>	Arab Jordan Investment Bank SA
<b>2.</b>	Bank of Beirut SAL
<b>3.</b>	BankMed SAL
<b>4.</b>	Banque BEMO SAL
<b>5.</b>	Banque SBA
<b>6.</b>	Barclays Bank PLC
<b>7.</b>	BBAC SAL
<b>8.</b>	BLOM Bank SAL
<b>9.</b>	Byblos Bank SAL
<b>10.</b>	Credit Libanais SAL
<b>11.</b>	Jordan Ahli Bank plc
<b>12.</b>	Lebanon and Gulf Bank SAL
<b>13.</b>	OJSC Promsvyazbank
<b>14.</b>	Open joint-stock company AvtoVAZbank
<b>15.</b>	Privatbank Commercial Bank
<b>16.</b>	Russian Commercial Bank (Cyprus) Ltd.