



COMPLIANCE CIRCULAR

3/2022 [CC 3_2022]

To: ALL FIRMS
ALL COMPLIANCE OFFICERS

Date: 4 March 2022

Subject: Obligations of the Firms under ICPAC's Directive for the Compliance with the Provisions of the UN Security Council Resolutions (Sanctions) and the Decisions/ Regulations of the Council of the European Union (restrictive measures)

Further to [Compliance Circular 2/2022](#), ICPAC reminds all Firms of their obligations under ICPAC's [Directive for the compliance with the Provisions of the UN Security Council Resolutions \(Sanctions\) and the Decisions/Regulations of the Council of European Union \(restrictive measures\)](#) (the "Sanctions Directive").

Reporting obligations to ICPAC

Under **section 5.2.5** of the Sanctions Directive firms **should inform ICPAC of the existence of a true match on their client base** in connection to financial sanctions and the actions taken by the firm in order to comply with the sanctions' requirements and their reporting obligations, **without delay**.

Failure to proceed with the relevant reporting to ICPAC could give rise to administrative sanctions.

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Section 5.2.6 of the Sanctions Directive lays out the minimum information that should be reported to ICPAC as follows:

- Information on which knowledge or suspicion was based to support the conclusion of the existence of a true match
- All information the firm has in relation to the designated person
- All information regarding the nature, amount and quantity of funds and economic resources which the firm holds in the name of the designated person, including:
 - o Details of the assets, name and address of the owner or controller of the assets and
 - o Details of any attempted transaction involving the assets, including:
 - The name and address of the sender
 - The name and address of the intended recipient
 - The purpose of the attempted transaction
 - The origin of the assets and
 - The intended destination of the assets.
- Information of any corporate vehicles, directly or indirectly, owned by the designated person

Circumvention of sanctions

ICPAC emphasizes the need for all firms to be aware and alerted for any attempts by sanctioned entities, either their clients or prospective clients, to **circumvent** the sanctions. As such, firms should ensure that their policies and procedures include provisions against circumvention of sanctions and the detection of attempts of circumvention as well as make sure that all firms employees are trained accordingly.

ICPAC stresses that any attempt to circumvent sanctions constitutes a **breach** of the sanctions' provisions and as such, a breach of law and will give rise to a serious disciplinary offence.



Exemptions – Obtaining a license

Firms that wish to engage in activities which fall within the exemptions provided for in the relevant Decisions/Regulations of the EU Council, should obtain the required licenses by the relevant authority Chaired by the Ministry of Finance.

In order to obtain a license firms must complete and submit to the Ministry of Finance the application form available through the following link:

http://mof.gov.cy/assets/modules/wnp/articles/201607/10/docs/application_form_nn.docx

More information on the procedure of obtaining a license from the Unit for the Implementation of Sanctions in the Financial Sector can be found on the Ministry of Finance's website and through the following link:

http://mof.gov.cy/assets/modules/wnp/articles/201607/10/docs/mode_of_procedure_of.docx

For the official webpage of the Ministry of Finance, please follow the [link](#)