6.700
Regulation for the appointment of the Compliance Officer

1. Short title

(1) The Institute of Certified Public Accountants of Cyprus, in its capacity as a competent authority pursuant to articles 59(1)(d) and 59(4) of the Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2007 (L.188(I)/2007), hereafter referred to as the "Law", issues the present Regulation.

(2) The present Regulation will be referred to as "the Regulation for the appointment of the Compliance Officer".

(3) The present Regulation is adopted for the purpose of providing a regulatory framework for the appointment, assessment and approval of the Compliance Officer and for setting the framework for the conduct of the Compliance Officer certification examination, which is an obligation for any individual in order to be approved as a certified Compliance Officer employed by any ICPAC licensed firm.

2. Scope

(1) The present Regulation applies to all obliged entities as defined under article 2A of the Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2007 (L.188(I)/2007) and supervised by the Institute for their professional activities.

3. Definitions

(1) Terms used in the Regulation are defined as follows:

AML/CFT Certification	means the AML/CFT certification designed by the International Compliance Association (ICA) in cooperation with the Institute of Certified Public Accountants of Cyprus (ICPAC) and the Cyprus Bar Association (CBA)
AML/CFT Directive	means the Directive to the Members of ICPAC on Anti-Money Laundering and Combating Terrorist Financing
Certified Compliance Officer	means a Compliance Officer who has successfully obtained the AML/CFT Certification
Compliance Officer	means an appointed individual, senior staff member of the firm with sufficient skills, experience and knowledge in AML/CFT compliance and overall financial activity,

	responsible for managing all aspects of the AML/CFT compliance program.
Firm	The term includes any limited liability companies, partnerships and sole practitioners (self-employment) licensed by ICPAC
Institute	the Institute of Certified Public Accountants of Cyprus (ICPAC)
Obliged entity	any of the persons listed in article 2A of the Law
Person	natural or legal person
Services	any services specified under paragraph 1.2.4 of the AML/CFT Directive
Supervised entity	(i) a member of the Institute of Certified Public Accountants of Cyprus, (ii) a general partnership or limited partnership or a limited liability company, whose majority general partners or shareholders and directors are members of the ICPAC, as well as any subsidiary company of such companies supervised by ICPAC in its capacity as Competent Authority under the Law.

4. Appointment of the Compliance Officers

(1) All licensed entities supervised by ICPAC must have an appointed Compliance Officer, as per the provisions of article 69(a) of the Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2007, as amended from time to time.

(2) The Compliance Officer's position cannot be outsourced.

(3) The supervised entity proposes an individual to be appointed as a Compliance Officer.

(4) The appointment of the Compliance Officer is subject to written approval by ICPAC, provided that the proposed individual meets **cumulatively** the eligibility criteria set out in this Regulation.

(5) ICPAC retains the right, at any given time following the approval of a Compliance Officer, to require the replacement of the Compliance Officer, to

deny any change of the Compliance Officer without prior approval of the proposed individual, to request additional documents or information and/or set any conditions. The supervised entity must comply with ICPAC's requirements or instructions.

(6) The Compliance Officer must, **at all times,** possess the eligibility criteria and comply with the continuous professional development (CPD) requirements as specified in subparagraph 4(12) below. This requirement is a continuous obligation and applies beyond the approval phase.

(7) ICPAC has the right, at any stage of the assessment and approval procedure, to request a personal interview with and/or the submission of additional information for or from the proposed individual.

(8) ICPAC retains the right to reassess the eligibility of the approved Compliance Officer, in case information that may affect his/her eligibility arise, either following the approval or as part of ICPAC's continuous supervisory action.

(9) At the assessment phase, ICPAC considers the following eligibility criteria:

- Competence
- Good repute
- Necessary authority
- Commitment
- AML/CFT Certification

<u>(9)(1) Competence</u>

(9)(1)(1) The supervised entity must demonstrate to and satisfy ICPAC that the proposed individual possesses an acceptable level of professional qualification, experience and adequate knowledge in AML/CFT/sanctions compliance.

(9)(1)(2) The demonstration of competence is assessed and presumed by reference to professional experience acquired via employment and to knowledge acquired via qualifications and training.

The supervised entity should be in a position to demonstrate that the proposed individual possesses, *inter alia,* the following:

- Adequate or relevant academic and professional qualifications, suitable for the appointment undertaken;
- Appropriate skills and competences, acquired through previous training or employment;
- Adequate knowledge of the exposure to and the identification of risks related to money laundering, terrorist financing, proliferation financing and sanctions;

- Comprehensive understanding of the legal and regulatory framework, including the anti-money laundering and terrorist financing and sanctions/restrictive measures frameworks;

(9)(1)(3) During the assessment phase, ICPAC has the right to verify the accuracy of the submitted qualifications, through, *inter alia,* direct communication with the higher education institutions or other professional bodies, training organizations or employers, both in the Republic of Cyprus and abroad.

(9)(1)(4) The practical experience may be presumed with reference to, *inter alia,* previous appointments, the duration of employment, the size of the previous employer entities, the duties and responsibilities, the nature of activities of previous employment and relevant experience acquired, through the submission of relevant proofs.

(9)(1)(5) The proposed individual must provide proof that he/she has completed the necessary continuous professional development units (CPDs) equivalent to those specified in subparagraph 12 below, for the last two (2) years prior to the appointment.

<u>(9)(2) Good repute</u>

(9)(2)(1) The supervised entity must be able to demonstrate to and satisfy ICPAC that the proposed individual is of good repute.

(9)(2)(2) In assessing the good repute criterion, ICPAC considers the proposed individual's integrity, by reference to, *inter alia,* the following factors:

- Whether he/she is of bad repute, character, is unreliable or dishonest;
- Whether he/she has been found guilty by Court or any other competent authority, for matters pertaining to his/her honesty, integrity or reputability;
- Whether he/she has been found guilty of a criminal offense, or has been deemed unsuitable by a professional or regulatory body;
- Whether he/she is a party to a civil action;
- Whether he/she is the subject of any negative media;
- Whether he/she has been dismissed or forced to resign from a previous employment for matters pertaining to his/her honesty, integrity or reputability.

As part of the evidential documents to provide reasonable assurance regarding the integrity criterion, the supervised entity shall submit a recent Clear Criminal Record Certificate for the proposed individual or equivalent certificate from the country of residence of the proposed individual. ICPAC shall conduct a background screening for the proposed individual.

(9)(2)(3) In cases where the proposed individual has been involved or is involved in a court proceeding, whether criminal or civil, ICPAC takes into consideration, *inter alia,* the following factors:

- The nature of the accusations or allegations;
- The stage of the legal proceedings;
- The possible penalties that could be imposed;
- The time frame that has elapsed in relation to the proposed individual's behavior;
- The details of the proposed individual's involvement;
- Possible aggravating or mitigating factors.

(9)(3) Necessary authority

(9)(3)(1) The supervised entity must be in a position to demonstrate and satisfy ICPAC that the proposed individual is a senior management official and has the necessary authority to fulfill his/her duties.

(9)(3)(2) The necessary authority may be presumed by reference to the proposed individual's position within the supervised entity, his/her decision-making powers, roles and responsibilities. Relevant proofs, if deemed necessary, shall be provided.

(9)(4) Commitment

(9)(4)(1) The Compliance Officer shall dedicate sufficient time for the effective fulfillment of his/her duties.

(9)(4)(2) ICPAC has the right to reject the appointment of the proposed individual or the continuation of his/her appointment, if, taking into consideration, *inter alia*, the number of commitments the proposed individual has, the size of those commitments, the nature, scale and complexity of the activities and any other professional commitments, ICPAC considers that he/she will not be able to perform his/her duties effectively.

(9)(5) AML/CFT Certification

(9)(5)(1) All entities supervised by ICPAC shall have an appointed Compliance Officer who possesses the AML/CFT Certification or has been exempted from the requirement based on the provisions of paragraph 6 of the repealed Regulation 6.700 – Compliance Officer Certification.

(9)(5)(2) The supervised entity shall demonstrate to ICPAC that the proposed individual has successfully passed the AML/CFT examination and has obtain the AML/CFT Certification as defined in and set out in this Regulation.

(9)(5)(3) The requirement to appoint a Compliance Officer that possesses the AML/CFT Certification , may be temporarily and conditionally exempted only in cases where the existing Compliance Officer has resigned or his/her services where terminated in extreme conditions with immediate effect, and the firm is unable to appoint a suitable candidate who has already obtained the AML/CFT Certification.

(9)(5)(3)(1) In such circumstances, the firm may propose the appointment of an individual who meets all the other eligibility criteria for appointment, provided that the proposed individual successfully passes the AML/CFT Certification examination within three (3) months from the date of approval.

(9)(5)(3)(2) Any such appointment shall be considered **temporary and conditional** to the successful completion of the AML/CFT Certification examination.

(9)(5)(3)(3) The firm must provide to ICPAC, within seven (7) days from the proposed appointment, with the following:

i. proof of the candidate's registration for the AML/CFT Certification examination, including the receipt of payment. Where the exam registration portal is not open at the time of proposal for appointment, ICPAC shall provide a new deadline for submission of the required proof, and
ii. all other documentation required for the assessment of the proposed appointment.

(9)(5)(3)(4) Upon successful completion of the examination, the proposed Compliance Officer must promptly submit the certificate of successful completion to ICPAC. Only upon receipt of such certificate shall the appointment be deemed approved and final.

(9)(5)(3)(5) In the event that the proposed individual fails the examination within the prescribed timeframe, ICPAC will withdraw the conditional approval of appointment, and the provisions of paragraph 4(14) will apply immediately.

(10)Replacement of the Compliance Officer

(10)(1) The supervised entity has an obligation to notify ICPAC in case of resignation or termination of the Compliance Officer.

(10)(2) The notification shall be made no later than seven (7) days from the date on which the event occurred. In case of non-compliance, a penalty shall be imposed ex officio, as provided for in the Regulation for the Administrative Procedure and the Process for Imposing Administrative Sanctions

(10)(3) The notification shall be accompanied by:

- Written notification as to the reasons of resignation or termination;
- The measures undertaken to rectify the situation and comply with the present Regulation

(10)(4) ICPAC reserves the right to conduct an exit interview with any Compliance Officer who has either been terminated or has resigned.

(11) Obligation to submit accurate information

(11)(1) Any person, including the supervised firm, has an obligation to submit to ICPAC, any information, data, documents requested or required, either upon request by ICPAC or otherwise, and must ensure their validity, completeness and correctness.

(11)(2) The submission of false or misleading information, data, or documents or the concealment of essential information constitutes a violation, capable of causing the rejection of the proposed appointment or the suspension or withdrawal of the approval of appointment. In addition, it is subject to a penalty based on the provisions of the Regulation for the Administrative Procedure and the Process for Imposing Administrative Sanctions.

(12) Continuing Professional Development obligations

(12)(1) The Compliance Officer must comply with the continuing professional development (CPD) requirements, which are set at a minimum of ten (10) verifiable CPD units per year.

(12)(2) The CPD units must be relevant to issues of preventing and combating money laundering, combating the financing of terrorism, combating the financing of the proliferation of weapons of mass destruction, issues of national and international sanctions and restrictive measures, as well as any other relevant issue.

(12)(3) One CPD unit is equivalent to one hour of relevant training. A CPD unit is considered verifiable when the Compliance Officer's participation in the training activity can be demonstrated.

(12)(4) CPD units do not carry over from one year to the next.

(12)(5) Notwithstanding the provisions of clause (4) above, ICPAC may vary or suspend the requirements of this subparagraph in special circumstances which will be examined on a case-by-case basis at its absolute discretion.

(12)(6) Compliance Officers must maintain updated records of the acquired CPD units, as well as the relevant evidence of their verification, on an annual basis. The records must be maintained for at least two years and are subject to inspection, assessment and verification by ICPAC. The records must be readily available upon request by ICPAC or during any supervisory activity.

(12)(7) The exclusive responsibility for inspection, assessment, verification and derogation from the CPD requirements, with regard to Compliance Officers only, is assigned to the Monitoring & Compliance Department of ICPAC. The assessment procedure, including the manner of submission of relevant data/evidence and deadlines, will be determined by ICPAC.

(12)(8) Failure to comply with any obligation of this subparagraph shall result in a sanction imposed ex officio, as specified in the Regulation on Administrative Procedure and the Procedure for Imposing Administrative Sanctions. ICPAC may impose the aforementioned sanction on the supervised entity, on a person exercising administrative duties in the supervised entity and/or any other person, including the Compliance Officer, in the event that it is established that the omission was due to his own fault, omission or negligence.

(13) ICPAC may withdraw approval of an appointment in case where:

- Based on ICPAC's supervisory action, it is assessed that the Compliance Officer is not in a position to fulfill his/her duties sufficiently and effectively;
- A disciplinary or administrative decision has been issued by a competent ICPAC Committee;
- Approval was granted based on false or misleading information or representations or the supervised entity or the proposed individual submitted or notified or otherwise made public in any way, false or misleading information, data, and/or invalid documents;
- The Compliance Officer fails to comply with the continuing professional development (CPD) requirements, as set out in paragraph 4(12) of this Regulation, for two consecutive years, regardless of the imposition of a sanction in accordance with subparagraph (12)(8) above. In the event that the Firm proposes a new person for appointment to the position of Compliance Officer, the provisions of subparagraph (14) below shall be suspended until the approval of the new appointment;
- The Compliance Officer ceases to meet any of the eligibility criteria.

(14) Withdrawal of approval of an appointment will result in the concerned firm being referred to ICPAC's Admissions and Licensing Department for assessment of the eligibility criteria for holding an ICPAC practicing certificate and for any further actions.

5. AML/CFT Certification exam

(1) The AML/CFT Certification is an obligation stemming from the eligibility criteria required for the appointment of a Compliance Officer. It aims at ensuring the minimum level of the required knowledge in AML/CFT compliance necessary to perform the functions of a Compliance Officer.

(2) The AML/CFT certification is a one-off requirement.

(3) There will be four (4) AML/CFT Certification sittings each year available as follows:

Registration period	**Examination months**
October - December	January
January - March	April
April - June	July
July - September	October

It is noted that the registrations will be available up until two weeks before the examination date.

(4) The examination is available to all Members of ICPAC and to any non-members who wish to obtain the AML/CFT Certification.

(5) The pass mark for the examination is set to 70%.

(6) ICPAC will maintain a separate register of compliance officers who are appointed to firms licensed by ICPAC.

(7) Deferrals

(1) In case of emergency medical situations, the candidate has the right to request a deferral of the examination registration, by completing and submitting a relevant application and attaching supporting documentation.

(2) The deferral is subject to prior approval by ICPAC.

(3) In case a deferral is granted, the candidate is entitled to defer the registration to any of the next two sitting dates. In the eventuality where the reason for deferral prevents the candidate to chose one of the next two sitting, he/she should present their case before ICPAC immediately.

6. Transitional and Final provisions

(1) Transitional provisions

(1) Registers, lists or statements held by ICPAC shall continue to be in effect.

(2) Decisions or actions legally taken based on repealed Regulation 6.700 – Compliance Officer Certification, continue to apply, unless amended or withdrawn by ICPAC.

(3) Practicing certificate provided based on, for the criterion concerning the Compliance Officer only, the provisions of repealed Regulation 6.700 –

Compliance Officer Certification, shall be considered granted based on the provisions of the present Regulation.

(4) Requests for the issuance of a practicing certificate submitted to ICPAC, which at the time the present Regulation comes into force, are under assessment or pending, are decided, for the criterion pertaining to the Compliance Officer only, based on the provisions of the present Regulation. ICPAC may request any additional information and/or document for the completion of the assessment of the request.

(5) In cases of violations of the provisions of the present Regulation and/or non-compliance with a decision of ICPAC, which occurred before the present Regulation came into force, the provisions of ICPAC's Members' Handbook regarding the imposition of penalties shall apply.

(2) Final provisions

(1) The present Regulation comes into force and effect from the date of its publication on ICPAC's website, except for the provisions of paragraphs 4(12)(7) and 4(12)(8) which come into force on the 1st of July 2026 and into effect on the 1st of January 2028.

(2) From the date the present Regulation comes into force, Regulation 6.700 – Compliance Officer Certification is repealed, without affecting any action or act taken or initiated under the repealed Regulation.

(3) Any proceeding commenced by virtue of the repealed Regulation's provisions, shall continue, based on the provisions of the present Regulation.