4.602
Quality Assurance for Compliance with Anti-Money Laundering and Countering the Finance of Terrorism and Sanctions

Short title

1.

(1) This Regulation shall be referred to as "the Quality Assurance Regulation of 2024" which repeals and replaces the Regulations currently in force, only to the extent which they relate to Compliance with Anti-Money Laundering and Countering the Finance of Terrorism and Sanctions. Furthermore, the provisions of Regulation 6.400 regarding off-site supervision are incorporated and replaced by this Regulation. Therefore, Regulation 6.400 is repealed.

(2) The current Regulation is adopted to ensure the high level of services by Members and Firms in relation to their regulated activities, through their regulation, supervision, training and discipline.

(3) The regulated activities according to the provisions of the current legislation are as follows:
- Provision of audit services
- Provision of administrative services, as defined in article 4 of the Law Regulating Companies Providing Administrative Services and related matters
- Providing insolvency practitioner services

(4) Due to the fact that ICPAC is the supervisory authority for its Members and Firms under the Prevention and Suppression of Money Laundering and Terrorist Financing Law (L. 188(I)/2007) and as stipulated within it and the Establishment of the National Sanctions Implementation Unit and the Implementation of the Restrictive Measures and National Sanctions in the Republic Law (L. 150(I)/2025), the Institute has the obligation to ensure that all its supervised persons are compliant with the provisions of the laws.

Scope

2.

(1) The purpose of the quality assurance system is to regulate the conduct of the supervisory activity, being on-site, remote, off-site or follow-up, maintaining the high level of service provided by Members and Firms supervised by ICPAC, ensuring their compliance with the professional standards, codes and regulations adopted by the Institute and, more generally, safeguarding the public interest.

(2) The activity of supervision focuses on the compliance of the supervised persons with their continuous obligations, the level of quality of their work and the level of compliance with the AML/CFT Law, the AML/CFT Directive, the Sanctions Law, the Sanctions Directive and the Institute's Regulations. The continuing obligations of the practicing certificates

holders are set out in Regulations 4.100 to 4.500 of Part 4 "Practice of the accounting profession".

Definitions

3.

(1) Terms used in the Regulation are defined as follows except where the text indicates otherwise:

“General Manager” means the General Manager of the Institute.

“Administrative Procedure” means the administrative procedure as provided by article 3 of ICPAC’s Regulation for the Administrative Procedure and The Process of Imposing Administrative Sanctions.

“Administrative Committee” means the body appointed by the Council for imposing administrative sanctions based on ICPAC’s Regulation for the Administrative Procedure and The Process of Imposing Administrative Sanctions.

“Members business premises” means the office or any other space used by the member for the provision of services.

“Head of Monitoring and Compliance” means the senior officer of the Institute responsible for the management of the supervision of Members and Firms.

“Monitoring visit” means the visit carried out according to the Part AML/CFT & Sanctions Rules and Regulation (AML/CFT & Sanctions Rules and Regulations Review) of the current Regulation.

“Monitoring Unit” means the body described in paragraph 9.

“Code of Ethics” means the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants, as amended or replaced from time to time.

“Monitoring Officer” means the officer of the Monitoring Unit or a member of ICPAC’s Monitoring & Compliance Department, who carries out monitoring visits and reviews to Members and Firms.

“Law” means the Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2007 (L. 188(I)/2007), as amended from time to time.

“Sanctions Law” means the Establishment of the National Sanctions Implementation Unit and the Implementation of the Restrictive Measures and National Sanctions in the Republic Law of 2025 (L. 150(I)/2025), as amended from time to time

"AML/CFT Directive" means the Directive issued by the Institute to its Members by virtue of the Prevention and Suppression of Money-Laundering and Terrorist Financing Activities Law.

"Sanctions Directive" means the Directive issued by the Institute to its Members by virtue of the Implementation of the provisions of the Resolutions or Decisions of the United Nations Security Council (Sanctions) and the Decisions and Regulations of the Council of the Europe Union (Restrictive Measures) Law and is in force pursuant to article 37(3) of the Establishment of the National Sanctions Implementation Unit and the Implementation of the Restrictive Measures and National Sanctions in the Republic Law

"Firm" means a sole practitioner, partnership or legal person.

"Client" means a person seeking to establish a business relationship or to carry out an occasional transaction with a Member or Firm, in or from the Republic of Cyprus.

"Council" means the Council of the Institute.

"Practicing Certificate" has the meaning assigned to it in paragraph 2 of Regulation 4.100 "Practicing the accounting profession".

"Institute" means the Institute of Certified Public Accountants of Cyprus (ICPAC).

"AML/CFT & Sanctions Rules & Regulations Review Monitoring" means the supervisory process applied to ensure compliance of Members and Firms holding the practicing certificate with the Institutes AML/CFT Directive, the Sanctions Directive and the Regulations of the Institute as well as with the applicable legislation.

(2) The meaning of other words and phrases used in this Regulation that are not specifically defined in this Regulation may be sought in the Interpretation Law, Chapter 1, as well as the Rules of Interpretation of Legislation.

(3) Any reference to Laws or Regulations covers any amendments or replacements therein with new Laws or Regulations.

(4) It is noted that in this Regulation, words denoting the masculine gender shall be interpreted as including the feminine gender as well.

Supervisory activity

4.

(1) The Institute has adopted three types of supervisory tools:

a) The off-site monitoring, which includes, *inter alia*, the assessment of Firms on a risk-based approach and their classification in respective risk categories,

b) The on-site monitoring, through on-site monitoring visits and
c) The remote monitoring, through remote monitoring visits

(2) The supervision may be carried out either as (a) full scope, which includes all policies, procedures and measures implemented by the Firms under the Law and the Sanctions Law, (b) thematic, which includes supervision of specific provisions of the Laws and Directives, e.g., sanctions, (c) targeted, which focuses on specific Members or Firms or transactions/business relationships, or (d) follow-up, which includes the monitoring of the progress of the firm's action plan following a full-scope visit.

Risk based approach assessment of Firms

5.

(1) The Institute assesses the Firms based on a risk-based approach on an annual basis. The assessment is conducted through the collection of responses submitted by each firm with the use of a designated consolidated questionnaire issued by the Institute.

(2) The Institute may assess a Firm in specific fields or topics that affect risk exposure, by sending and receiving various questionnaires, at its sole discretion.

(3) The completion and submission of both the consolidated questionnaire provided for in subparagraph (1) above, as well as any questionnaire, based on subparagraph (2) above, is mandatory for all Firms.

(4) In case of failure to complete and submit any questionnaire as above, within the stipulated deadline and/or of provision of false or misleading information or concealment of information, a predetermined penalty shall be imposed ex officio.

(5) Regardless of any penalty imposed, the obligation to complete and submit any questionnaire within a date to be determined by ICPAC remains.

(6) In case of non-compliance with subparagraph (5) above within the prescribed deadline, the Firm will be referred to the Admissions and Licensing Department for assessment of the criteria for holding an ICPAC professional practice certificate, for any further actions.

AML/CFT & Sanctions Rules and Regulations Review

6.

(1) The AML/CFT & Sanctions Rules and Regulation Review relates to the assurance of compliance of all Members and Firms that hold a practicing certificate with the AML/CFT Directive issued by the Institute and the Prevention and Suppression of Money Laundering and Terrorist Financing Law, with the Sanctions Directive issued by the Institute and the Sanctions Law as well as their compliance with the Institute's Regulations as well as with the applicable legislation.

(2) Through this procedure, ICPAC carries out on-site and/or off-site and/or remote and/or follow-up supervisory visits on all Members and Firms holding any ICPAC practicing certificate, i.e. for the exercise of the accounting profession, the exercise of the audit profession, the provision of administrative services and the provision of insolvency practitioners' services, through the Monitoring Unit as referred to in paragraph 9 below or through the Monitoring and Compliance Department directly.

Supervisory requirements and monitoring visits

7.

(1) Members and Firms holding any practicing certificate are subject to supervision by the Institute according to the current Regulation. The supervisory activity may include any type of the supervision tools mentioned in paragraph (4) above.

(2) For the purposes of subparagraph (1) above and regardless of the type of supervisory activity performed, Members or Firms must send or provide to the Monitoring Officers, upon their request, in a timely manner within the set deadline, any information, documents, data, accounts requested, including a list of clients.

(3) For the purposes of subparagraph (2) above, in case of failure to respond or refusal of a Member or Firm to provide any requested documents, data, information, accounts, including a list of customers, and/or in case it is found at any time that the Member or Firm concealed and/or did not report the exact number of customers, ICPAC may decide to initiate an administrative procedure, as provided for in the Regulation for the Administrative Procedure and The Process of Imposing Administrative Sanctions.

(4) The supervisory activity, including all correspondence between the Members/Firms and the Monitoring Officer, as well as all documents, data and information requested pursuant to subparagraph (2) above, shall be conducted in the English language. ICPAC reserves the right, at its sole discretion, to conduct all or any part of the supervisory activity in the Greek language.

(5) The Monitoring Officer has the right to enter the business premises of Members and Firms for the purpose of conducting an on-site monitoring visit.

(6) For the purposes of subparagraph (5) above, in the event that a Member or Firm unjustifiably refuses entry to the Monitoring Officers and/or the conduct of the supervisory activity is not possible, it shall be subject to an administrative procedure before the Administrative Committee.

(7) For the purposes of subparagraph (1) above, Members and Firms must keep at their business premises all records, books, accounts and other documents, information and data relating to their clients and the services provided to them and make them available to the Monitoring Officers.

(8) For the purposes of subparagraph (7) above, in case the file is kept in electronic form, and/or includes scanned documents, the Monitoring Officer has the discretion to request and inspect the original manual documents and/or the documents bearing the authentic electronic certification, as the case maybe, and the Member or Firm must arrange for the provision of the documents within the set deadline. In case the file or part thereof is kept by a filing service provider and/or in facilities outside its business premises and/or in a subsidiary/branch in Cyprus or outside Cyprus, the Member or the Firm must arrange for their presentation and availability to the Monitoring Officer within the specified deadline. In any case, the Member or Firm must also keep this file in electronic form and/or have electronic access to this file.

(9) For the purposes of subparagraph (1) above, the Monitoring Officer has the right to carry out a sample check of client files, in whatever form they are kept, to inspect records, books, accounts, other documents, information and data stored in files, computers or other electronic means and to take copies or extracts thereof. In case the Monitoring Officer requests a copy or extract, the Member or Firm must reproduce and provide the requested copies to the Monitoring Officer immediately or within the specified deadline set by the Monitoring Officer.

(10) For the purposes of subparagraph (1) above, the Monitoring Officer has the right to take notes, handwritten or electronic, and/or record, in writing or electronically, and/or take photographs and/or keep copies of any information, data, and document deemed necessary for the fulfillment of ICPAC's supervisory competence.

(11) The submission of any additional information, data, and document following the completion of the supervisory activity is at the discretion of the Monitoring Officer and can only be accepted at ICPAC's absolute discretion.

(12) The information provided to the Monitoring Officer is confidential in nature and may only be used for the purposes of exercising ICPAC's responsibilities under the Law and the Sanctions Law.

(13) Any supervisory activity may be carried out following notice and/or without prior notice. ICPAC has the right, at its sole discretion, to conduct as many supervisory visits and any type of visit as it deems necessary on the same Member or Firm within the same calendar year and whenever deemed necessary.

(14) The on-site monitoring visit, must be attended by both the management of the Firm or its representative(s), as well as the Compliance Officer.

(15) For the purposes of subparagraph (1) above, Members and Firms shall provide the Monitoring Unit with all necessary information to assist it in effectively completing its supervisory work and quality assurance program.

(16) Members and Firms subject to these Regulations must cooperate with the Monitoring Unit in the exercise of its supervisory work and with the Institute for their compliance with these Regulations and other regulations and directives of the Institute.

(17) The requirements of this paragraph apply to Members and Firms for as long as they hold a practicing certificate.

Cost of monitoring visits

8.

(1) Regular round visits

Full-scope on-site supervisory visits carried out annually to licensed Firms based on the annual supervisory plan will be subject to the imposition of a Monitoring Fee, as initially determined by the Council via Circular GC 5/2024. This fee may be amended by the Council.

(2) Extraordinary, targeted or specialised monitoring visits

Firms undergoing extraordinary, targeted or specialised monitoring visits will not be subject to any additional charge, as these are carried out within the scope of ICPAC's responsibilities as a supervisory authority for the purposes of extended investigations.

Monitoring Unit

9.

(1) The Monitoring Unit shall be established by the Council for the purpose of carrying out on-site supervisory visits and reviews at firms. At the end of each visit, the Monitoring Officer prepares a report, in which he reports his findings and observations from the monitoring visit.

(2) Without prejudice to the general powers of the Council, the Council may delegate to its subcontractors the conduct of on-site monitoring visits, provided that they have the appropriate expertise and competence.

Administrative Procedure

10.

(1) In case of non-compliance of a Member or Firm with any provisions of the Law and/or the Sanctions Law and/or the AML/CFT Directive and/or the Sanctions Directive and/or this Regulation and/or in case of failing to respond to a notification of the Monitoring Officer to conduct any kind of monitoring visit and/or obstruction or interference with the conduct of any type of monitoring visit, ICPAC may decide to initiate an administrative procedure, as provided for in the Regulation for the Administrative Procedure and The Process of Imposing Administrative Sanctions.

Publication

11.

(1) The decisions of the Administrative Committee shall be made public, as provided for in paragraphs 2.3.15 and 2.3.16 of the Regulation for the Administrative Procedure and The Process of Imposing Administrative Sanctions.

(2) The Institute, provided that it is permitted by the Legislation on the Protection of Personal Data, publishes decisions regarding the withdrawal or suspension of a practicing certificate on its official website or any other means of communication deemed appropriate, indicating at least the substance of the decision, the type and amount of the sanction.