

Cyprus – How can confidentiality on personal data of shareholders be safeguarded?

Under Cyprus Law, every company, limited by shares must have at least one shareholder. Even though the Cyprus legislation does not permit for bearer shares to be issued it is possible to obtain absolute secrecy of the identity of the shareholders through nominee or fiduciary arrangements. In such an instance the shares may be held by nominee, either individuals or companies, in trust for the beneficial owners without public disclosure of the ultimate owner's identity.

Lawyers and accountants, as well as service providers, provide trustee and nominee companies to hold the shares on trust for their clients to secure anonymity.

Upon registration of a Cyprus company it must be filed with the Cyprus Company Registrar the following information of at least one person or legal entity who is to be the registered shareholder of the shares of the company, irrespective of whether anonymity is required to be kept and nominees are appointed:

- The name;
- The address;
- The occupation
- The nationality

Thus all this information is provided by the nominees and this ensures that no information is maintained on any public record regarding the beneficiary. Also there is no disclosure in any public record indicating whether the registered shareholder is holding the said shares on trust or as nominee of another beneficial owner. Nor is there any such indication in the Registry of Members maintained by the company secretary at the registered address of the company.

The only instance when information is disclosed regarding the beneficiary is when a bank account is opened for the company whereby the banks in complying with the applicable Anti-Money Laundering Laws, rules and regulations require all relevant information to establish the "Know Your Client" information regarding the beneficiary. However even in this instance in light of the applicable Cyprus Banking Law the said information will be maintained by the banks in strict confidence.

Additionally the Memorandum and Articles of Association of the Cyprus company must be signed by the subscribers and in the case where anonymity is to be safeguarded and thus nominee services are provided, these are signed by the nominees.

To safeguard the beneficial title to the shares of the ultimate beneficial owner the following legal documentation is provided to the beneficial owner by the nominee:

1. the original of a signed but undated instrument of transfer regarding the said shares pursuant to the requirements of Cyprus Law;
2. the original of a Trust Deed under which the nominee states that he/she is holding the said shares on trust for the beneficiary;
3. the original Share Certificates

At any point in time the beneficiary can date the instrument of transfer and present it to the company secretary together with the original Share Certificates requesting transfer of the shares in his/her own name or in the name of any third party that the beneficiary may instruct. Thus the interests and legal rights of the beneficial owner are at all times fully safeguarded ensuring at the same time full anonymity and confidentiality.