

PANORAMIC **SANCTIONS**

Cyprus



LEXOLOGY

Sanctions

Contributing Editors

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GENERAL FRAMEWORK

Legislation

What domestic legislation enables economic, financial and trade sanctions to be implemented in your jurisdiction?

[Law No. 58\(I\) of 2016 on 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 European Union \(Restrictive Measures\)](#) governs the implementation of sanctions and restrictive measures in the Republic of Cyprus. It also imposes penalties for breach of the applicable sanctions and restrictive measures.

Cyprus, as a member of the United Nations and an EU member state, must implement:

- sanctions adopted by relevant Security Council Resolutions; and
- restrictive measures adopted by the Council of the European Union through the issuance of relevant decisions (under article 29 of the Treaty on European Union) and regulations (under article 215 of the Treaty on the Functioning of the European Union) within the framework of the Common Foreign and Security Policy (CFSP), which supersede national law and require direct and immediate application to the integral legal order of EU member states.

In addition, the EU and, consequently, Cyprus implement UN sanctions by incorporating them into EU law through the adoption of relevant decisions and regulations within the framework of the CFSP. In any case, EU regulations are directly applicable in Cyprus.

Law stated - 5 March 2024

Autonomous versus international regimes

Does the domestic legislation empower your government to implement an autonomous sanctions regime or are only those sanctions adopted by international institutions and organisations imposed?

Only sanctions and restrictive measures adopted by the United Nations and the European Union are applicable in Cyprus.

Law stated - 5 March 2024

Types of sanction imposed

What types of sanction are imposed in your jurisdiction?

Any type of sanctions or restrictive measures that may be adopted by the United Nations and the European Union are imposed in Cyprus (including, without limitation, financial restrictions including asset freezes, trade restrictions, embargoes and travel bans).

Law stated - 5 March 2024

Countries subject to sanctions

Which countries are currently the subject of sanctions or embargoes in your jurisdiction?

Cyprus does not maintain a national list of sanctioned countries or countries subject to embargoes. The relevant lists that are maintained by the EU and UN are applicable.

In any case, the EU maintains a [sanctions map](#) that identifies countries that are the subject of sanctions or embargoes.

Law stated - 5 March 2024

Non-country specific regimes

What other sanctions regimes are currently in force in your jurisdiction which are not country specific?

The EU sanctions map provides comprehensive information for all EU sanctions regimes and their corresponding legal acts, including regimes adopted by the UN Security Council and transposed at EU level. Currently, the following non country specific regimes, are in force in Cyprus:

- Council Regulation (EU) 2018/1542 of 15 October 2018, as amended, on restrictive measures against the proliferation and use of chemical weapons;
- Council Regulation (EU) 2019/796 of 17 May 2019, as amended, on restrictive measures against cyberattacks;
- Council Regulation (EU) 2020/1998 of 7 December 2020, as amended, on restrictive measures against serious human rights violations and abuses;
- Council Regulation (EC) No. 881/2002 of 27 May 2002, as amended, on restrictive measures with respect to Daesh and al-Qaeda;
- Council Regulation (EU) 2016/1686 of 20 September 2016, as amended, on additional restrictive measures directed against Daesh and al-Qaeda as well as natural and legal persons, entities or bodies associated with them; and
- Council Regulation (EC) No. 2580/2001 of 27 December 2001, as amended, on restrictive measures directed against certain persons and entities with a view to combating terrorism.

Following the attacks of 7 October 2023, on 19 January 2024 the Council decided to establish a dedicated framework of restrictive measures against those supporting violent actions by Hamas and the Palestinian Islamic Jihad. Therefore, Council Regulation (EU) 2024/386 establishing restrictive measures against those who support, facilitate or enable violent actions by Hamas and the Palestinian Islamic Jihad, was adopted.

Law stated - 5 March 2024

Counter-terrorism sanctions

What sanctions and prohibitions are imposed in your jurisdiction in relation to terrorist activities?

The UN Security Council introduced restrictive measures in relation to the Taliban through UN Security Council Resolution 1267 of 1999. On 16 January 2002, the measures were extended to cover the al-Qaeda organisation as well as other individuals, groups, undertakings and entities associated with them. In parallel, the EU established a list of persons, groups and entities involved in terrorist acts and subject to restrictive measures, and issued Common Position 2001/931/CFSP, which lays down the criteria for listing persons, groups and entities as well as the restrictive measures to be applied.

Council Regulation (EC) No. 2580/2001 provides for the designation of persons and entities involved in terrorist activities. Designated persons and entities are subject to asset freezes, and prohibitions on making funds and economic resources available to them.

Furthermore, the European Union has adopted the following legal acts:

- Council Regulation (EC) No. 881/2002 of 27 May 2002 imposing certain specific restrictive measures directed against certain persons and entities associated with Daesh and al-Qaeda;
- Council Regulation (EU) 2016/1686 of 20 September 2016 imposing additional restrictive measures directed against Daesh and al-Qaeda, and natural and legal persons, entities or bodies associated with them (this regulation introduces a prohibition against exporting arms or related materials to listed individuals, groups, undertakings or entities, and related technical or financial assistance and services are also prohibited);
- Council Decision (CFSP) 2016/1693 of 20 September 2016 concerning restrictive measures against Daesh and al-Qaeda, and persons, groups, undertakings and entities associated with them, repealing Common Position 2002/402/CFSP; and
- Council Regulation (EU) 2024/386 of 19 January 2024 establishing restrictive measures against those who support, facilitate or enable violent actions by Hamas and the Palestinian Islamic Jihad.

Cyprus, as an EU member state, enforces travel restrictions on persons listed in the annex to Council Decision (CFSP) 2016/1693 and on persons designated by the UN Security Council pursuant to UN Security Council Resolutions 1267 of 1999, 1333 of 2000 and 2253 of 2015 or by the UN Security Council's ISIL (Da'esh), Al-Qaida Sanctions Committee.

Law stated - 5 March 2024

Anti-boycott laws

Are any blocking or anti-boycott laws in place in your jurisdiction?

Council Regulation (EC) No. 2271/96 of 22 November 1996, as amended, protecting against the effects of the extraterritorial application of legislation adopted by a third country and actions based thereon or resulting therefrom applies in Cyprus. The EU adopted this Regulation as a means to protect EU operators from the extraterritorial application of

third-country laws and, in particular, to US extraterritorial legislation concerning restrictive measures in relation to Iran, Libya and Cuba.

Law stated - 5 March 2024

Scope of application

Who must comply with sanctions imposed in your jurisdiction? Do sanctions have extra-territorial effect?

EU restrictive measures and UN Security Council sanctions, which the EU incorporates into the European legal order within the framework of the CFSP are binding legal acts in their entirety in Cyprus.

EU sanctions apply:

- within the territory of the European Union;
- to EU nationals in any location;
- to EU residents; and
- to companies and organisations incorporated under the law of an EU member state, including branches of EU companies in third countries, on board aircraft or vessels under member states' jurisdiction and persons doing business within the European Union.

The European Union refrains from adopting sanctions with extraterritorial application.

Law stated - 5 March 2024

Competent sanctions authorities

Which government authorities in your jurisdiction are responsible for implementing and administering sanctions?

Ministry of Foreign Affairs

The [Ministry of Foreign Affairs](#) represents Cyprus in the decision-making process regarding the enforcement of restrictive measures at the EU level, and informs the national authorities and relevant departments when UN sanctions or EU restrictive measures are adopted or amended. The competence of the Ministry of Foreign Affairs is limited to cooperation and communication between Cyprus and the competent UN sanctions committees and European institutions.

Ministry of Finance

Law No. 58(I) of 2016 on 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 European Union (Restrictive Measures) governs the

implementation of UN sanctions and EU restrictive measures in Cyprus. The [Ministry of Finance](#) (MOF) is the designated competent authority in Cyprus responsible for the implementation and enforcement of EU sanctions. Two separate units and committees have been established within the MOF in relation to the implementation of sanctions in Cyprus.

The Unit for the Implementation of Sanctions (MEK) was established for the purposes of examining requests and applications submitted by interested parties (including, among others, Cyprus citizens, companies, law firms and audit firms) regarding the authorisation and approval processes provided by the relevant resolutions contained in UN and EU regulations. Essentially, the MEK examines applications and provides clearances and licences allowed under the derogations of the applicable regulations.

The [Financial Sanctions Advisory Committee](#) (SEOK) is chaired by the Minister of Finance, and was established to examine requests and applications for the release of frozen funds and financial resources, which fall under the derogations provided for by EU decisions and regulations (restrictive measures) and UN decisions or resolutions. The competence of the SEOK relates primarily to the granting of authorisations relating to payments and transfers of funds, the provision of services to sanctioned persons or the examination of cases regarding wrongful freezing of assets.

Law stated - 5 March 2024

Business compliance

Are businesses in your jurisdiction required to put in place any systems or controls in order to ensure compliance with sanctions?

The Cyprus supervisory authorities, as defined in the Prevention and Suppression of Money Laundering and Terrorist Financing Law, issue directives and circulars to relevant obliged entities under their supervision. Such supervisory authorities include the [Cyprus Securities and Exchange Commission](#) (CySEC), the [Institute of Certified Public Accountants](#) (ICPAC) and the Cyprus Bar Association.

ICPAC has issued a directive for compliance with the provisions of UN Security Council resolutions (sanctions) and EU restrictive measures, which includes an overview of the applicable sanction regimes; provides for the development and implementation of a sanction compliance programme for all members of ICPAC (primarily accountants and auditors, but also administrative service providers); and offers guidance on the effective implementation of sanctions and restrictive measures.

The Cyprus Bar Association has issued a manual that provides for the development and adoption of a sanction compliance programme for Cyprus advocates and administrative service providers regulated thereby, as well as the application of a risk assessment approach.

CySEC has issued several circulars to inform obliged entities under its supervision in relation to any amendments to the relevant regulations and their obligations to report the existence of business relationships with persons or entities that are subject to the EU restrictive measures against Russia to CySEC.

CySEC further requires the obliged entities to assess or reassess money laundering and financing of terrorism risks in all business relationships with persons subject to sanctions or restrictive measures and to avoid the commencement of any further business relationship

with such persons. In the case of a person that is an existing customer of an obliged entity and is subject to sanctions or restrictive measures, regulated entities are expected to examine the actions or measures that must be implemented in accordance with the relevant EU regulations.

Law stated - 5 March 2024

Guidance

Has your government issued any guidance on compliance with the sanctions framework in your jurisdiction?

The MOF and the supervisory authorities in Cyprus publish, on a regular basis, guidelines, announcements and circulars on the effective implementation of sanctions and restrictive measures. This includes, among others:

- [Announcements](#) published by the Minister of Finance;
- CySEC;
- ICPAC;
- the Cyprus Bar Association's [news on sanctions](#); and
- the [Central Bank of Cyprus](#).

Law stated - 5 March 2024

ECONOMIC AND FINANCIAL SANCTIONS

Asset freezes

In what circumstances may a person become subject to asset freeze provisions in your jurisdiction? What dealings do asset freeze provisions generally restrict in your jurisdiction?

Restrictive measures are adopted by the EU when necessary to prevent conflict, or in response to emerging or actual crises. Often, the restrictive measures are in the form of assets freezes and prohibitions on making funds and economic resources available to certain persons listed in the applicable EU regulations. The terms 'economic resources' and 'funds' are defined by relevant regulations.

The term 'economic resources' includes assets of every kind – whether tangible or intangible, movable or immovable – that are not funds but may be used to obtain funds, goods or services.

The term 'funds' is defined as financial assets and economic benefits of every kind, including but not limited to:

- cash, cheques, claims on money, drafts, money orders and other payment instruments;
- deposits with financial institutions or other entities, balances on accounts, debts and debt obligations;

- publicly and privately traded securities and debt instruments, including stocks and shares, certificates presenting securities, bonds, notes, warrants, debentures and derivatives contracts;
- interest, dividends or other income on, or value accruing from or generated by, assets;
- credit, right of set-off, guarantees, performance bonds or other financial commitments;
- letters of credit, bills of lading and bills of sale;
- documents evidencing an interest in funds or financial resources; and
- any other instrument of export financing.

Council Regulation (EU) No. 269/2014 of 17 March 2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine, as amended (Regulation 269), imposes financial sanctions (asset freezes) on specific individuals and entities listed in Annex I thereto. The prohibition included in article 2 of Regulation 269 provides that all funds and economic resources belonging to, owned, held or controlled by any persons listed in Annex I shall be frozen and no funds or economic resources shall be made available directly or indirectly to such designated persons.

Law stated - 5 March 2024

General carve-outs and exemptions

Are there any general carve-outs or exemptions to the asset freeze provisions in your jurisdiction?

EU regulations provide limited carve-outs or exemptions to the asset freeze provisions. They mainly provide for some derogations allowing the competent authorities of EU member states to authorise the release of frozen funds or economic resources when certain conditions are met.

In particular, Regulation 269 provides for limited derogations relating to the prohibitions it introduces, such as for the payment of legal fees or the provision of basic needs of listed persons and their family members (eg, food, rent and medical expenses), or where the relevant funds or economic resources are subject to a judicial, arbitral or administrative decision issued in the European Union, subject to specific conditions.

Law stated - 5 March 2024

List of targeted individuals and entities

Do the competent sanctions authorities in your jurisdiction maintain a list of individuals and entities blocked under asset freeze restrictions?

Other than UN and EU lists, Cyprus has no national list of sanctions.

Law stated - 5 March 2024

Other restrictions

What other restrictions apply under the economic and financial sanctions regime in your jurisdiction?

Economic and financial sanctions enacted by the European Union against Syria, North Korea, Russia and Belarus apply in Cyprus. These are identified on the EU-maintained sanctions map.

In light of Russia's aggression towards Ukraine, the Council of the European Union adopted further restrictive measures by virtue of Council Regulation (EU) No. 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions to destabilise the situation in Ukraine, as amended (Regulation 833), including prohibitions, among others, against:

- the export of dual-use goods as well as goods that can contribute to Russia's defence and security capabilities;
- the sale, supply, transfer or export of goods and technology, which may contribute to Russia's military and technological enhancement or the development of the defence and security sector;
- public financing or financial assistance for trade with or investment in Russia;
- specific actions relating to persons operating in the energy sector or in the mining and quarrying sector in Russia;
- the export of goods and technology for use in oil refining and liquefaction of natural gas;
- the aviation sector and the space industry;
- a range of financial interactions and transactions with the Russian Government or Russian entities and other Russian persons;
- all transactions with the Central Bank of Russia; and
- the overflight of EU airspace and access to EU airports by Russian carriers.

Regulation 833 introduced both specific prohibitions affecting persons listed in its annexes and more general prohibitions affecting Russian nationals, Russian residents and Russia-established legal entities or bodies. The more general prohibitions include prohibition against:

- providing trustee services to Russian nationals, natural persons residing in Russia or legal persons established in Russia;
- selling transferable securities issued after 12 April 2022 to Russian nationals, individuals residing in Russia or Russian entities; and
- providing, directly or indirectly, accounting, auditing, bookkeeping, tax consulting, business and management consulting, public relations, and legal advisory services to the Russian government or to entities established in Russia.

Law stated - 5 March 2024

Licensing – scope

Are the competent sanctions authorities in your jurisdiction empowered to issue a licence to permit activities which would otherwise violate economic and financial sanctions? If so, what is the extent of their licensing powers and in what circumstances will they issue a licence?

The Cyprus Ministry of Finance (MOF) is the national competent authority responsible for the implementation of sanctions and restrictive measures. As such, the MOF may grant authorisations and licences to permit any activity under the derogations available pursuant to the applicable EU regulations, provided that the relevant conditions set thereby are met. The actual procedure for the granting of licences under the applicable sanctions and restrictive measures is conducted either through the Unit for the Implementation of Sanctions (MEK) or the Financial Sanctions Advisory Committee (SEOK), depending on the subject matter of the relevant application. Pursuant to Regulation 833 and Regulation 269, the MOF (and subsequently the SEOK and MEK) as the national competent authority has the right to apply any general or specific conditions it deems appropriate and may authorise, under such conditions, the release of certain frozen funds or economic resources.

The derogations generally allow the release of frozen funds that are necessary to satisfy the basic needs of a person or entity for the payment of legal fees, humanitarian purposes and health emergencies. Also, the release of frozen funds may be allowed pursuant to an agreement, arrangement or contract concluded prior to the inclusion of the designated person on the sanctions list. However, other derogations under both Regulations mentioned above are available.

Moreover, pursuant to an [announcement](#) from the MOF on 27 May 2022, the release of frozen funds by a credit institution for the payment of amounts due to public authorities (ie, taxes, social insurance contributions, fees payable to the Cyprus Registrar of Companies and public utilities charges) is deemed authorised (no authorisation by the Cyprus competent authority is required).

Law stated - 5 March 2024

Licensing – application process

What is the application process for an exemption licence? What is the typical timeline for a licence to be granted?

The MoF is the national competent authority in Cyprus, for the implementation of sanctions. Two separate units, within the MOF, are responsible to examine any applications submitted for an exemption licence.

MEK examines requests submitted by interested persons regarding approvals and clearances for a particular activity or transaction allowed under a derogation included in the applicable regulations.

SEOK examines requests, from financial institutions, for the release of funds and economic resources, which fall under the exceptions or derogations provided for by the applicable decisions or regulations. Also, applications submitted to the SEOK include applications for provision of services to sanctioned persons, applications for derogations under article 5b of

Regulation 833 (regarding the acceptance of deposits and the provision of a crypto-asset wallet service, an account of custody or cryptocurrencies) and examinations of requests regarding the wrongful freezing of funds in credit or financial institutions. The applicants must disclose certain information to support the application, indicate the regulation under which the relevant person is sanctioned and provide an explanation as to why the derogation is needed. The applicants should also enclose supporting documents to the application.

There is no timeframe prescribed by law for a licence to be granted. The timeline depends on the complexity of the application. However, in practice, the MOF requires three to four months to review an application submitted for a derogation under the applicable regulations.

Law stated - 5 March 2024

Approaching the authorities

To what extent is it possible to engage with the competent sanctions authorities to discuss licence applications or queries on economic and financial sanctions compliance?

The announcements, circulars and general guidance issued by the MOF on the applicable procedure relating to licence applications do not provide for formal discussions or meetings with the competent authorities. The relevant guidance provides that the MOF (including MEK and SEOK) is not able to provide any legal opinions on any matter relating to sanctions and restrictive measures, and is only entitled to review applications for licences filed pursuant to a specific derogation as such derogations are included in the applicable regulations. In practice, however, clarifications can be obtained from the MOF, primarily via email.

Law stated - 5 March 2024

Reporting requirements

What reporting requirements apply to businesses who hold assets frozen under sanctions?

Article 9 of Regulation 269 imposes an obligation on natural or legal persons listed in Annex I thereof, to report, within six weeks of the date of their listing, funds or economic resources within the jurisdiction of an EU member state belonging to, owned, held or controlled by them to the competent authority of the member state where these funds or economic resources are located, and cooperate with the competent authority in any verification of this information. The MOF, as the national competent authority in Cyprus, issued an announcement on the relevant procedure on 9 August 2022.

Article 8 of Regulation 269 requires natural and legal persons to supply the national competent authorities with information on frozen funds and economic resources within the EU, belonging to listed persons and that have not been treated as frozen, within two weeks of acquiring the relevant information. It also requires natural and legal persons to provide information to the relevant national competent authority in relation to funds and economic resources within the EU, which have been subject to any move, transfer, alteration, use or otherwise in the two weeks preceding the listing of the person subject to sanctions.

Further, pursuant to the Cyprus Prevention and Suppression of Money Laundering and Terrorist Financing Law, all obliged entities (including but not limited to credit institutions, financial institutions, investment firms, audit firms, law firms, legal professionals and administrative services providers) are required to apply anti-money laundering and countering the financing of terrorism measures, including carrying out due diligence checks on clients to verify whether they hold funds or economic resources owned or controlled by persons or entities listed in EU regulations.

Law stated - 5 March 2024

TRADE SANCTIONS

General restrictions

What restrictions apply in relation to the trade of goods, technology and services?

Cyprus is a member of the Nuclear Suppliers Group and the Australia Group, and is a signatory to the [Biological Weapons Convention](#), the [Chemical Weapons Convention](#) and other relevant international treaties. Cyprus is also a member of the [Organisation for the Prohibition of Chemical Weapons](#).

Cyprus, as an EU member state, is subject to the EU's export control regime and implements the measures adopted by the EU.

Council Regulation (EC) No. 428/2009, as amended, sets up the European Community regime for the control of exports, transfer, brokering and transit of dual-use items. In article 2, 'dual-use items' are defined as items including software and technology that can be used for both civil and military purposes, and include all goods that can be used for both non-explosive uses and assist in any way the manufacture of weapons of mass destruction. For the export and re-export of dual use goods, an export licence, issued by the Exports Licencing Section of the Ministry of Energy, Commerce, Industry and Tourism is needed, while the transit of non-EU goods may be prohibited if there is information that the goods are, or may be, destined for uses related to weapons of mass destruction or for military use in an embargoed country.

Further, exports of military equipment are controlled by Council Common Position 2008/944 under the Common Foreign and Security Policy of 8 December 2008, which defines common rules governing the control of exports of military technology and equipment. Cyprus transposed this into national law. The [list of controlled military equipment](#) is maintained by the European Union.

Directive 2009/43/EC of the European Parliament and of the Council of 6 May 2009, as amended, simplifies the terms and conditions of transfers of defence-related products within the European Community and was also transposed into national law. Exports, re-exports and transit of military equipment require an export licence issued by the Exports Licencing Section of the Ministry of Energy, Commerce, Industry and Tourism. Additionally, the provision of brokering services and technical assistance related to military equipment require a licence.

The competent authorities responsible for enforcing and executing export controls in Cyprus are the Ministry of Energy, Commerce, Industry and Tourism, and the Ministry of Finance.

Further restrictions have also been imposed by Council Regulation (EU) No. 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions to destabilise the situation in Ukraine, as amended.

Law stated - 5 March 2024

General exemptions

Do any exemptions apply to the general trade restrictions?

Derogations apply under the relevant regulations and are subject to the approval of the national competent authorities indicated in each regulation. Nevertheless, the applicable regulations also provide for exclusions that do not require approval in limited situations.

Law stated - 5 March 2024

Targeted restrictions

Have the authorities in your jurisdiction imposed any trade sanctions against dealing with any particular individuals or entities?

The EU maintains a [consolidated financial sanctions list](#) of persons, groups and entities subject to EU sanctions. EU legal and natural persons, or persons residing or doing business within the EU, are prohibited from dealing with persons, group and entities subject to asset-freezing measures.

Law stated - 5 March 2024

Licensing – scope

In what circumstances may the competent sanctions authorities in your jurisdiction issue a licence to trade in goods, technology and products that are subject to restrictions?

The competent authority responsible for providing export authorisations for dual-use goods, arms and military equipment in Cyprus is the Exports Licencing Section of the Trade Service under the Ministry of Energy, Commerce, Industry and Tourism.

Law stated - 5 March 2024

Licensing – application process

What is the application process for a licence? What is the typical timeline for a licence to be granted?

Applications for issuing export licences in Cyprus is submitted through the [Stratlink electronic system](#) and must include, among others:

- exporter and consignee details;

- the country of final destination;
- a description, the quantity and the value of the goods; and
- an undertaking that the goods will not be used for purposes other than the declared use, or for the development or production of biological or nuclear weapons.

The relevant laws do not determine the period within which an application shall be processed.

Law stated - 5 March 2024

Approaching the authorities

To what extent is it possible to engage with the competent sanctions authorities to discuss licence applications or queries on trade sanctions compliance?

The relevant local framework does not provide for formal discussion or meetings with the competent authorities. In practice, however, clarifications can be obtained on an informal basis from the authorities, usually via email or other forms of written communication.

Law stated - 5 March 2024

ENFORCEMENT AND PENALTIES

Reporting violations

Is there a requirement to report violations to the authorities? If reporting is not obligatory, is it encouraged in any event?

Sanctions violations are encouraged and can be reported through the [EU sanctions whistle-blower tool](#) in addition to the obligation under article 8 of Council Regulation (EU) No. 269/2014 of 17 March 2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine, as amended (Regulation 269). Article 8 requires natural and legal persons, entities and bodies to supply the national competent authorities with any information that would facilitate compliance with Regulation 269 or information held about funds and economic resources within the territory of the EU, subject to an asset freeze under Regulation 269 and that should have, but have not been, treated as frozen by the person subject to the obligation to do so, or were subject to any move, transfer, alteration, use of, access to or dealing.

Law stated - 5 March 2024

Investigations

Which authorities are responsible for investigating sanctions violations? What is the extent of their investigatory powers?

According to section 3 of Law No. 58(I) of 2016 on 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 European Union (Restrictive Measures), each ministry or its department, independent office, supervisory authority (defined in accordance with the provisions of section 59 of the Prevention and Suppression of Money Laundering and Terrorist Financing Law) have competence to secure the implementation of the provisions of UN resolutions and decisions on sanctions and EU decisions and regulations on restrictive measures in sectors for which they have competence.

Where a competent authority ascertains that a person has committed a sanctions violation, it must report the violation to the Cyprus police for investigation.

Law stated - 5 March 2024

Penalties

What are the potential penalties for violation of sanctions?

The restrictive measures imposed by the European Union and the United Nations do not create criminal offences; each EU member state must introduce criminal offences while implementing the relevant sanctions in their national legal systems. EU member states must lay down the rules on penalties applicable to infringements of the provisions of these regulations and take all measures necessary to ensure that they are implemented.

Law No. 58(I) of 2016 on 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 European Union (Restrictive Measures) introduced specific measures and penalties for the breach of or non-compliance with EU and UN sanctions or restrictive measures.

In Cyprus, the penalties for breaching or circumventing the applicable sanctions or restrictive measures are:

- for a natural person, a term of imprisonment not exceeding two years or a fine not exceeding €100,000, or both; and
- for a legal entity, a fine not exceeding €300,000.

Law stated - 5 March 2024

Recent enforcement actions

Have there been any significant recent enforcement cases? What lessons can be learned from these cases?

Not applicable.

Law stated - 5 March 2024

UPDATE AND TRENDS

Emerging trends and hot topics

Are there any emerging trends or hot topics in sanctions law and policy in your jurisdiction?

Since March 2014, the EU has progressively imposed restrictive measures against Russia, including individual and economic sanctions. In light of Russia's 2022 invasion of Ukraine, the EU adopted the third package of sanctions against Russia on 28 February 2022. From February 2022 until today, the EU adopted a number of additional packages of restrictive measures due to Russian aggression in Ukraine. We anticipate that further packages will be introduced by the EU.

The restrictive measures imposed by Council Regulation (EU) No. 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions to destabilise the situation in Ukraine, as amended, and Council Regulation (EU) No. 269/2014 of 17 March 2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine, as amended, have resulted in the filing of numerous applications to the Cyprus competent authorities for licences under the applicable derogations. A number of administrative recourses have been filed against rulings issued by the Ministry of Finance, the Cyprus competent authority for the implementation of EU restrictive measures and UN sanctions. These recourses are currently pending and we have to wait and see how Cyprus courts will apply the provision of the relevant regulations. Moreover, the Cyprus police have recently launched a number of investigations for alleged breaches of sanctions and restrictive measures on the local level.

As the implementation of restrictive measures on the local level is a fairly new exercise (both by interested parties and authorities), we anticipate that greater clarity will be provided by the Cyprus competent authorities during the coming months on how Cyprus interprets and enforces the prohibitions or derogations pursuant to the above-mentioned EU regulations, along with more detailed guidance on the local level.

Law stated - 5 March 2024