

Factual analysis of Member States Investors' Schemes granting citizenship or residence to third- country nationals investing in the said Member State

Deliverable B.I Investors' Citizenship Schemes in Cyprus

JUST/2016/RCIT/FW/RIGH/0152 (2017/06)



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The views expressed herein are those of the consultants alone and do not necessarily represent the official views of the European Commission.

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I. GENERAL BACKGROUND

■ *Legal background*

The granting of Cypriot citizenship is provided for under the Civil Registry Laws of 2002 to 2017¹. From the enactment of the abovementioned Law in 2002, the Council of Ministers in Cyprus had the discretionary power to grant citizenship in exceptional circumstances of high-level services provided to the Republic, which are referred to in the relevant decision, for reasons of public interest, independently of the time of stay provided in paragraph (1) of Schedule 3, provided that the House of Representatives is informed in advance, under paragraph 2(f) of Schedule 3 of the Civil Registry Law of 2002, 141(I)/2002.

Under this provision, the Council of Ministers issued **four relevant Decisions**:

- (i) Decision no 65.824 dated 11 July 2007 establishing the first investor's citizenship scheme². The criteria under the first scheme included direct investments in factories, property, etc.,³ of at least 15 million Cyprus Pounds (approximately EUR 26 million), or business activities like setting up a company with an annual turnover of at least 50 million Cyprus Pounds (approximately EUR 85 million) in the year before the application, or investments in new and innovative technologies and research centres in a large scale, or have deposits in Cyprus banks of at least 10 million Cyprus Pounds (approximately EUR 17 million) for the last five years, or a combination of direct investments and deposits in banks up to 15 million Cyprus Pounds (approximately EUR 26 million). The investor had to be more than 30 years old with a clean criminal record and to have a permanent residence in Cyprus.
- (ii) Decision no 71.546 dated 4 January 2011⁴ concerning the granting of citizenship to adult members of the family of investors who were granted the Cypriot citizenship, husbands, wives and financially dependent adult children. This scheme also included children with disabilities.
- (iii) Decision 72.676 dated 10 October 2011 provided for the requirements and conditions for the exceptional granting of citizenship to foreign investors/businessmen under paragraph 2(f) of Schedule 3 of the Civil Registry Laws of 2002 to 2011⁵. Under this decision, the applicant must have had direct investments (property purchase, setting up companies, investing in shares and other values such as bonds of the Republic of Cyprus) or business of at least EUR 10 million or deposits of at least EUR 15 million. Other requirements included the requirement for the applicant to be over 30 years old, a clean criminal record and a place of residence worth more than EUR 500,000.
- (iv) Decision 74.912 of 15 and 16 April 2013 provided for the requirements and conditions for the exceptional granting of citizenship to foreign investors/businessmen under paragraph

¹ Law No. 141(I)/2002: The Civil Registry Law 2002 (Αρχείου Πληθυσμού Νόμος του 2002), 141(I)/2002, O.G, Par 1(I), No.3626, 26/7/2002, as amended, available at: http://www.cylaw.org/nomoi/indexes/2002_1_141.html

² Council of Ministers' Decision 65.824 dated 11 July 2007, (Απόφαση Υπουργικού Συμβουλίου αρ. 65.824 ημερομηνίας 11.07.2007, Κριτήρια και όροι για κατ' εξαίρεση πολιτογράφηση πολιτογράφηση αλλοδαπών επενδυτών/επιχειρηματιών, με βάση την παράγραφο 2(στ) του Τρίτου Πίνακα των περί Αρχείου Πληθυσμού Νόμων του 2002-2003), The decision was not published in the official gazette.

³ Decision no 65.824 does not further specify what these investments might include.

⁴ Council of Ministers' Decision 71.546 dated 4 January 2011, (Απόφαση Υπουργικού Συμβουλίου αρ. 71.546 ημερομηνίας 04.01.2011, Αίτημα για κατ' εξαίρεση πολιτογράφηση πολιτογράφηση του/της συζύγου και τέκνων αλλοδαπού επενδυτή/επιχειρηματία, που απέκτησε την κυπριακή υπηκοότητα με βάση τα κριτήρια και τους όρους για την κατ' εξαίρεση πολιτογράφηση, τα οποία αναφέρονται στην Απόφαση με αρ. 65.82 και ημερ. 11.7.2007), The decision was not published in the official gazette.

⁵ Council of Ministers' Decision 72.676 dated 10 October 2011, (Απόφαση Υπουργικού Συμβουλίου αρ. 72.676 ημερομηνίας 10.10.2011, Αναθεώρηση κριτηρίων και όρων για κατ' εξαίρεση πολιτογράφηση αλλοδαπών επενδυτών/επιχειρηματιών, με βάση την παράγραφο 2(στ) του Τρίτου Πίνακα των περί Αρχείου Πληθυσμού Νόμων του 2002 έως 2011), O.G, Par 4(I), No.4296, 11.11.2011, available at: [http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/C3DC68F8760C9715C225794500352B30/\\$file/4296%20%2011%2011%202011%20%20PARARTIMA%20%204o%20%20MEROS%20%20I.pdf](http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/C3DC68F8760C9715C225794500352B30/$file/4296%20%2011%2011%202011%20%20PARARTIMA%20%204o%20%20MEROS%20%20I.pdf).

2(f) of Schedule 3 of the Civil Registry Laws of 2002 to 2011 and the exceptional granting of citizenship to the spouse and children over 18 years of age of the foreign businessman investor who received citizenship under the Council of Ministers' Decision⁶. Under this decision, the applicant must have had deposits of at least EUR 3 million or direct investments of at least EUR 5 million (property purchase, setting up companies, investing in shares and other values such as bonds of the Republic of Cyprus). Alternatively, the applicant could be a shareholder of a company registered and working in Cyprus which has paid annually in State funds the amount of EUR 500,000 in the last 5 years before the application submission. The said company must also employ at least 10 Cypriots. A person who has been affected by the measures taken for the Bank of Cyprus and Laiki Bank on 15 March 2013 with a loss of at least EUR 3 million could also apply. Other requirements included a clean criminal record and a place of residence worth more than EUR 500,000.

On 30 April 2013, the House of Representatives voted for the Civil Registry amending Law 36(I)/2013⁷ amending the Civil Registry Laws of 2002 referred to above⁸. Under the amendment, new Article 111A was introduced, providing for the Honorary citizenship of an alien citizen (third-country national) for reasons of public interest and paragraph 2(f) of Schedule 3 was deleted. The new Article 111A provides that:

- (1) the Council of Ministers may permit for reasons of public interest, in exceptional circumstances of high level services provided to the Republic, which are referred in the relevant decision, granting of citizenship to an alien citizen without the fulfilment of the requirements provided in paragraphs 1(a), 1(b) and 1(d) of Schedule 3.
- (2) The Council of Ministers may, under conditions set case by case, allow the granting of citizenship to an alien businessman and investor without the fulfilment of the requirements provided in paragraphs 1(a), 1(b) and 1(d) of Schedule 3.
- (3) In the cases referred to above in paragraphs (1) and (2), it is required that the House of Representatives is informed in advance.

Schedule 3 provides for the Citizenship Qualifications. Under the new Article 111A, paragraphs 1(a), 1(b) and 1(d) of Schedule 3 do not have to apply for the granting of citizenship to an investor. Paragraph 1(a) provides for the stay in the Democracy for the immediate previous 12 months from the date of the application, 1(b) provides that for the duration of 7 years before the aforementioned 12 months the applicant must have stayed in the Republic or must have been a member of the public service of the Republic, either partly the one or the other for a time which does not add up to less than 4 years. It is understood that students, visitors and self-employed, as well as sports coaches, sports technicians, house helpers, nurses and workers at Cypriot or foreign employers or at off-shore companies, residing in the Republic exclusively for the purpose of work, as well as their spouses, children or other dependents, must for the duration of at least 7 immediate previous years have a collective duration of 7 years stay in the Republic of which one year immediately before the date of the application their stay must have been continuous.

⁶ Council of Ministers' Decision 74.912 dated 15 and 16.4.2013, (Απόφαση Υπουργικού Συμβουλίου αρ. 74.912 ημερομηνίας 15 και 16.4.2013, Αναθεώρηση κριτηρίων και όρων για κατ' εξαίρεση πολιτογράφηση αλλοδαπών επενδυτών/επιχειρηματιών με βάση την παρ. 2(στ) του Τρίτου Πίνακα των περί Αρχείου Πληθυσμού Νόμων 2002-2011 και κατ' εξαίρεση πολιτογράφηση του/της συζύγου και τέκνων άνω των 18 ετών αλλοδαπού επιχειρηματία επενδυτή πολιτογραφηθέντος κατ' εξαίρεση βάσει Αποφασής του Υπουργικού Συμβουλίου), O.G, Par 4(I), No.4362, 28.6.2013, available at: [http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/C04813C7387DAAB9C2257B98002F5951/\\$file/4362%20%2028%206%202013%20%20PARARTIMA%20%204o%20%20MEROS%20%20I.pdf](http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/C04813C7387DAAB9C2257B98002F5951/$file/4362%20%2028%206%202013%20%20PARARTIMA%20%204o%20%20MEROS%20%20I.pdf)

⁷ Law No. 36(I)/2013: The Civil Registry (Amendment) Law of 2013 (Αρχείου Πληθυσμού (τροποποιητικός) Νόμος του 2013), O.G, Par 1(I), No.4386, 30.4.2013 available at: http://www.cylaw.org/nomoi/arith/2013_1_036.pdf

⁸ Law No. 141(I)/2002: The Civil Registry Law 2002 (Αρχείου Πληθυσμού Νόμος του 2002), 141(I)/2002, O.G, Par 1(I), No.3626, 26/7/2002, as amended, available at: http://www.cylaw.org/nomoi/indexes/2002_1_141.html

Paragraph 1(d) provides that if a certificate of citizenship is provided, the person must have the intention to (i) stay in the Republic, (ii) continue serving the public service of the Republic or an International Organization to which the Republic is a member or provide a service to any association, corporation or body established in the Republic.

Under the new Legislation, the Council of Ministers issued five Decisions. Decision 75.148 dated 24 May 2013 provided for the requirements and conditions for the exceptional granting of citizenship to foreign investors/businessmen under paragraph 2 of Article 111A of the Civil Registry Laws of 2002 to 2013 and the exceptional granting of citizenship to the spouse and children over 18 years of age of the foreign businessman investor who received citizenship under the Council of Ministers' Decision⁹. Under this Decision, amongst other requirements applicants had the opportunity to apply for citizenship if they invested or donated to the State an amount of at least EUR 2 million or had direct investments of at least EUR 5 million. Other requirements included a clean criminal record and a place of residence worth more than EUR 500,000.

Further to that Decision, the Council of Ministers issued Decision 76.668 dated 19 March 2014¹⁰. This decision further introduced government bonds as a way to invest and be eligible for the investors' citizenship application for the amount of at least EUR 5 million.

Currently, Council of Ministers' Decision 81.292 dated 13 September 2016¹¹ is in force, introducing the "SCHEME FOR NATURALISATION OF INVESTORS IN CYPRUS BY EXCEPTION on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015"¹². This Scheme aims to further encourage Foreign Direct Investment and to attract high net worth individuals to settle and do business in Cyprus.

Within this framework and taking into account the strong investor interest, the Government of Cyprus has established and revised the Scheme for Naturalization of non-Cypriot investors by exception on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015, with specific incentives, terms and conditions and control procedures in order to prevent abuse.

On the basis of the Scheme, a non-Cypriot citizen, who meets certain economic criteria, either personally or through a company/companies in which he/she participates as a shareholder may apply

⁹ Council of Ministers' Decision 75.148 dated 24.5.2013, (Απόφαση Υπουργικού Συμβουλίου αρ. 75.148 ημερομηνίας 24.5.2013, Αναθεώρηση κριτηρίων και όρων για κατ' εξαίρεση πολιτογράφηση αλλοδαπών επενδυτών/επιχειρηματιών με βάση το εδάφιο (2) του άρθρου 111Α των περί Αρχείου Πληθυσμού Νόμων 2002-2013 και κατ' εξαίρεση πολιτογράφηση του/της συζύγου και τέκνων άνω των 18 ετών αλλοδαπού επιχειρηματία επενδυτή πολιτογραφηθέντος κατ' εξαίρεση βάσει Απόφασης του Υπουργικού Συμβουλίου), Ο.Γ, Παρ 4(Ι), Νο.4365, 26.7.2013, available at: [http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/8F30A1478B16D840C2257BB4002DB521/\\$file/4365%2026%207%202013%20PARARTIMA%204o%20MEROS%20%20I%20.pdf](http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/8F30A1478B16D840C2257BB4002DB521/$file/4365%2026%207%202013%20PARARTIMA%204o%20MEROS%20%20I%20.pdf)

¹⁰ Council of Ministers' Decision 76.668 dated 19.3.2014, (Απόφαση Υπουργικού Συμβουλίου αρ. 76.668 ημερομηνίας 19.3.2014, Αναθεώρηση της Απόφασης του Υπουργικού Συμβουλίου με αρ. 75.148 και ημερομηνίας 24.5.2013 για κατ' εξαίρεση πολιτογράφηση αλλοδαπών επενδυτών/επιχειρηματιών με βάση το εδάφιο (2) του άρθρου 111Α των περί Αρχείου Πληθυσμού Νόμων του 2002-2013 και κατ' εξαίρεση πολιτογράφηση του/της συζύγου και τέκνων άνω των 18 ετών αλλοδαπού επιχειρηματία/επενδυτή πολιτογραφηθέντος κατ' εξαίρεση βάσει Αποφασης του Υπουργικού Συμβουλίου), Ο.Γ, Παρ 4(Ι), Νο.4399, 30.5.2014, available at: [http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/5DD62350A01FFA1CC2257CE8002748A2/\\$file/4399%2030%205%202014%20PARARTIMA%204o%20MEROS%20I.pdf](http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/5DD62350A01FFA1CC2257CE8002748A2/$file/4399%2030%205%202014%20PARARTIMA%204o%20MEROS%20I.pdf)

¹¹ Council of Ministers' Decision 81.292 dated 13.9.2016, (Απόφαση Υπουργικού Συμβουλίου αρ. 81.292 ημερομηνίας 13.9.2016, Παραχώρηση της κυπριακής υπηκοότητας με κατ' εξαίρεση πολιτογράφηση σε μη Κυπρίους επενδυτές/επιχειρηματίες στη βάση του εδαφίου (2) του άρθρου 111Α του περί Αρχείου Πληθυσμού Νόμου 141(Ι)/2002 και παραχώρηση της κυπριακής υπηκοότητας με κατ' εξαίρεση πολιτογράφηση στα μέλη οικογένειας επιχειρηματία/επενδυτή/τριας πολιτογραφηθέντος βάσει Αποφασης του Υπουργικού Συμβουλίου), Ο.Γ, Παρ 4(Ι), Νο.4504, 16.9.2016, available at: [http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/626C3F5813AB3EF9C22580300033CD78/\\$file/4504%2016%209%202016%20PARARTIMA%204o%20MEROS%20I.pdf](http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/626C3F5813AB3EF9C22580300033CD78/$file/4504%2016%209%202016%20PARARTIMA%204o%20MEROS%20I.pdf)

¹² Civil Registry and Migration Website available at: <http://www.moi.gov.cy/moi/crmd/crmd.nsf/All/DABB1713307D8C4CC2257D2C0045433C?OpenDocument>

for the acquisition of Cypriot citizenship through naturalization by exception. The economic criteria are evaluated in proportion to the holding percentage, or through investments made by the applicant's spouse or jointly with the spouse or even as a high-ranking senior manager of a company/companies that meets one of the economic criteria.

A high-ranking senior manager may apply, provided that he/she receives such a remuneration that generates for the Republic tax revenues of at least EUR 100,000 over a three-year period and provided that this tax has already been paid or prepaid.

The applicant should have made the necessary investments during the three years preceding the date of the application and must retain the said investments for a period of at least three years as from the date of the naturalization. In addition, the applicant must fulfil the Terms and Conditions including a clean criminal record, residence in Cyprus and a residence permit in Cyprus.

In the case where, following a periodic inspection, it has been established that a criterion, term or condition of the Scheme has been breached, the granted naturalization may be revoked.

On 2 March 2018, Council of Ministers' Decision No. 84.068 dated 9 January 2018 was published in the Official Gazette,¹³ in order to complement Decision No. 81.292.

According to this Decision, the Council of Ministers decided to further improve the Investor's Citizenship Scheme by approving:

1. The establishment of a Supervisory and Control Committee, composed of Officers of the Ministry of Interior, the Ministry of Finance and the Cyprus Investment Promotion Agency (CIPA), with the terms of reference and tasks set out in Annex 1 of the Proposal. It is noted that the Annexes are not publicly available.
2. The establishment of an Investor Citizenship Scheme Providers Registry, which will include natural and legal persons who provide services related to this Scheme. Such natural/legal persons will submit an application form for registration in the Registry and must meet certain admission criteria, which are included in Annex 2 attached to the Proposal. No application for an extraordinary naturalization on the basis of the Scheme will be accepted for natural/legal persons that are not registered in the Registry.
3. The introduction of a Code of Conduct developed by CIPA including guidelines for the promotion of this Scheme. The Code will be applicable to all natural and legal persons involved in the Scheme, such as service providers, real estate consultants, land development companies, banking and credit institutions, and others. A copy of this Code is attached to the Proposal as Annex 3.
4. The ban on advertising the Scheme in public places, including the Internet, with particular stringency on the image of the Cypriot passport. The details of this regulation, as well as the implications of non-compliance, are included in the Code of Conduct.
5. The imposition of an obligation to submit a signed declaration by the applicant as attached to the Proposal in Annex 5 and a signed declaration from the registered service provider as

¹³ Council of Ministers' Decision 84.068 dated 9.1.2018, (Απόφαση Υπουργικού Συμβουλίου αρ. 84.068 ημερομηνίας 9.1.2018, Παραχώρηση της κυπριακής υπηκοότητας με κατ' εξαίρεση Πολιτογράφηση σε μη Κυπρίους επενδυτές/επιχειρηματίες στη βάση του εδαφίου (2) του άρθρου 111Α του περί Αρχείου Πληθυσμού Νόμου 141(Ι)/2002. Σύσταση Επιτροπής Εποπτείας και Ελέγχου, εισαγωγή κώδικα συμπεριφοράς και άλλων πρακτικών μέτρων διαχείρισης της προώθησης και εφαρμογής του Σχεδίου.), O.G. Par 4(I), No.4568, 2.3.2018, available at: [http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/20CF8C6CABEC7FF4C225824400389AD4/\\$file/4568%202%203%202018%20PARARTHMA%204o%20MEROS%20I.pdf](http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/20CF8C6CABEC7FF4C225824400389AD4/$file/4568%202%203%202018%20PARARTHMA%204o%20MEROS%20I.pdf)

attached to the Proposal in Annex 4 confirming the application of good service practice and full information with regard to the procedures of the Scheme on their part.

Annex I¹⁴ provides that the **Supervisory and Control Committee of Service Providers** for the granting of investor's citizenship by exception, shall be established by a Council of Minister's Decision. This Committee will have a three-year term.^[1] The Committee shall meet at least once a month and shall be responsible for establishing the Investor Citizenship Scheme Providers Registry. An application shall be published for interested providers to apply. The Registry shall be on the Ministry of Finance and Interior websites. The Committee shall be responsible for monitoring the application of measures concerning provision of citizenship services as well as the application of the Code of Conduct and may call any applicant for an interview.

The Committee shall send a Report concerning complaints, breaches of the Code of Conduct and suggestions, every three months, to the Ministries of Finance and Interior.

Annex II¹⁵ concerns the **Criteria of inclusion in the Investor Citizenship Scheme Providers Registry**. The criteria provide that both legal and natural persons can apply for registration; natural persons who apply or are the shareholders of legal persons who apply must have a good knowledge of the Greek and English language. Natural persons must sign a Declaration of compliance with the Code of Conduct and must also submit a Clean Criminal Record. Legal persons must be established in Cyprus or another European Union country. Shareholders of the legal person must submit a Clean Criminal Record.

Annex III¹⁶ is the **Code of Conduct**. The purpose of the Code is to set the parameters and of service provision to protect the applicants from unprofessional, immoral or incompetent practices. The Code further refers to the Investor Citizenship Scheme Providers Registry and sets the obligation to register and the procedure.

The Basic Principles of the Code under section 4, are that Registry members must have zero tolerance or implication in any unprofessional, immoral or incompetent practices, they must preserve a high standard of transparency in all their dealings with clients, partners and other stakeholders, they must fully comply with the Legislation and must comply with the terms of the Naturalisation Plan in relation to permitted investments and minimum requirements¹⁷. Members also have to encourage business partners to comply with the same ethical standards and avoid any practices that may harm the integrity, the reputation and the public image of the public service and the country. Members must avoid practices that are against the purpose of the Naturalisation Plan.

The Code also includes the obligations of Service Providers towards their clients. Clients must be fully informed in writing under a Service Provision Agreement of the rights and duties of the parties as well as the way to resolve a dispute. The Registry members have an obligation to examine all information provided by their clients and to check the clients' business activities as well as the legality of the clients' investment funds. The providers must keep their clients' funds in separate bank accounts and provide

¹⁴ Annex I was provided by email dated 16 March 2018 during the stakeholder consultation with an Administrative Officer at the Ministry of Interior.

¹⁵ Annex II was provided by email dated 16 March 2018 during the stakeholder consultation with an Administrative Officer at the Ministry of Interior.

¹⁶ Annex III was provided by email dated 16 March 2018 during the stakeholder consultation with an Administrative Officer at the Ministry of Interior.

¹⁷ Annex III to the Council of Ministers' Decision 84.068 dated 9.1.2018, (Απόφαση Υπουργικού Συμβουλίου αρ. 84.068 ημερομηνίας 9.1.2018, Παραχώρηση της κυπριακής υπηκοότητας με κατ' εξαίρεση Πολιτογράφηση σε μη Κύπριους επενδυτές/επιχειρηματίες στη βάση του εδαφίου (2) του άρθρου 111Α του περί Αρχείου Πληθυσμού Νόμου 141(Ι)/2002. Σύσταση Επιτροπής Εποπτείας και Ελέγχου, εισαγωγή κώδικα συμπεριφοράς και άλλων πρακτικών μέτρων διαχείρισης της προώθησης και εφαρμογής του Σχεδίου.), O.G, Par 4(I), No.4568, 2.3.2018, available at: [http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/20CF8C6CABEC7FF4C225824400389AD4/\\$file/4568%202%203%202018%20PARARTHMA%204o%20MEROS%20I.pdf](http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/20CF8C6CABEC7FF4C225824400389AD4/$file/4568%202%203%202018%20PARARTHMA%204o%20MEROS%20I.pdf), Section 4 Basic Principles, Page 3.

information on all costs incurred for the citizenship application. Interest or any funds left in the account must be returned to the client. All clients' data must be kept confidentially.

Further to the above obligations, the Code provides for the obligation to abstain from advertising citizenship in public places including the Internet. Providers must also abstain from bribing public officers.

In case of non-compliance with the Code of Conduct, providers shall be warned and if they do not follow the Committee's instructions they may be deleted from the Registry. The providers' name may be published in a Name and Shame list.

Annex IV¹⁸ is the **Declaration of the Service Provider** and Annex V is the **Declaration of the Applicant**.

Further to the above decision, on 15 June 2018, the Council of Ministers published their latest decision dated 21 May 2018¹⁹ to:

- (a) approve the renaming of the "Scheme for Naturalisation of Investors' by exception in Cyprus" to "Cyprus Investment Programme" as of 15 June 2018;
- (b) determine the expected time for the processing of the applications under the Cyprus Investment Programme to six months;
- (c) determine the limit of successful applications to 700 per year as of 2018;
- (d) include in the qualitative criteria of the Programme the obligatory retaining of the investment concerning buildings which are being constructed to three years after the issuing of the planning permission;
- (e) approve the new terms of reference of the Supervisory and Control Committee of Service Providers, the new Code of Conduct, the new Service Providers registration forms to the Registry of Service Providers for the Cyprus Investment Programme, the new Applicant's Declaration and Service Providers' Declaration;
- (f) authorize the Supervisory and Control Committee of Service Providers to conduct audits of the implementation of the Cyprus Investment Programme;
- (g) authorize the Minister of Finance to study and assess the application of the Cyprus Investment Programme and its effects on the economy and provide information to the Council of Ministers.

■ **Competent authorities**

The competent authority in Cyprus as regards migration and residence permits is the **Ministry of Interior**. The Ministry of Interior operates regionally through the District Administrations offices, which are also involved in this process to facilitate access to the services. Within the Ministry of Interior, the competent people are the Director of the Civil Registry and Migration Department and the Director General of the Ministry of Interior.

Under the Scheme for Naturalization of non-Cypriot investors by exception on the basis of subsection

¹⁸ Annex IV was provided by email dated 16 March 2018 during the stakeholder consultation with an Administrative Officer at the Ministry of Interior.

¹⁹ Council of Ministers' Decision 906/2018, dated 21.5.2018; Granting of Cypriot Citizenship to non-Cypriot investors/businessmen under the naturalization by exception Scheme on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015.

(2) of section 111A of the Civil Registry Laws of 2002-2015, the application for the Naturalization by Exception needs to be submitted at the Ministry of Interior along with the original required documents. For the submission of the application an appointment will need to be arranged beforehand via email.

After the application is examined the **Council of Ministers** issues a decision to waive the naturalisation conditions on grounds of special merit under the provisions of the Law on the Delegation of Powers deriving from any Law of 1962²⁰.

The decision, along with the reports of intelligence services (Police, Customs and other Authorities) are then forwarded to the **Director of the Civil Registry and Migration Department**, who prepares a report on the outcome of the application. That report is then submitted, through the Director General of the Ministry of Interior, to the Minister of Interior who takes the final decision.

Under the recently published Council of Ministers' Decision No. 84.068,²¹ a **Supervisory and Control Committee** will be established and it will be composed of Officers of the Ministry of Interior, the Ministry of Finance and the Cyprus Investment Promotion Agency (CIPA).

The **Ministry of Finance** is also responsible for conducting a study and assessing the application of the Cyprus Investment Programme and its effects on the economy and providing information to the Council of Ministers, under the provisions of the Council of Minister's Decision dated 21 May 2018²².

²⁰ The Law on the Delegation of Powers deriving from any Law of 1962, Law No 23/1962, (Ο περί Εκχωρήσεως της ενδοσκήσεως των Εξουσιών των Απορρεουσών εκ τινός Νόμου, Νόμος του 1962), OG Par. 1(I), No. 140, 30.3.1962, available at: http://www.cylaw.org/nomoi/indexes/1962_1_23.html

²¹ Council of Ministers' Decision 84.068 dated 9.1.2018.

²² Council of Ministers' Decision 906/2018, dated 21.5.2018; Granting of Cypriot Citizenship to non-Cypriot investors/businessmen under the naturalization by exception Scheme on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015.

II. PROCEDURES, COMPETENT AUTHORITIES AND APPLICABLE CRITERIA

1 APPLICATION PHASE

1.1 PROCEDURES

Application procedure and necessary documents

Information on the procedure and the pre-requisites to succeed in an application under the investors' citizenship scheme are provided in Article 111A of the Civil Registry Laws of 2002 to 2017,²³ under the Council of Ministers Decision dated 13 September 2016 which introduces the Scheme for Naturalization of non-Cypriot investors by exception on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015,²⁴ and at the Ministry of Interior website²⁵. Further information concerning the provisions of Decision 84.068 published on 2 March 2018²⁶ are also expected to be publicly provided through the Ministry of Interior's website.

Under Article 111A of the Civil Registry Laws of 2002 to 2017,²⁷ the Council of Ministers may permit for reasons of public interest, in exceptional circumstances of high level services provided to the Republic, which are referred to in the relevant decision, granting of citizenship to an alien citizen (third-country national) without the fulfilment of the requirements provided in paragraphs 1(a), 1(b) and 1(d) of Schedule 3.

Under the Scheme for Naturalization of non-Cypriot investors by exception on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015,²⁸ the application for the Naturalization by Exception needs to be submitted at the Ministry of Interior along with the original required documents and fees amounting to EUR 2,000. For the submission of the application an appointment will need to be arranged beforehand via email²⁹. The application may be submitted by the applicant in

²³ Law No. 141(I)/2002: The Civil Registry Law 2002 (Αρχείου Πληθυσμού Νόμος του 2002), 141(I)/2002, O.G, Par 1(I), No.3626, 26/7/2002, as amended, available at: http://www.cylaw.org/nomoi/indexes/2002_1_141.html

²⁴ Council of Ministers' Decision 81.292 dated 13.9.2016, (Απόφαση Υπουργικού Συμβουλίου αρ. 81.292 ημερομηνίας 13.9.2016, Παραχώρηση της κυπριακής υπηκοότητας με κατ'εξαίρεση πολιτογράφηση σε μη Κυπριους επενδυτές/επιχειρηματίες στη βάση του εδαφίου (2) του άρθρου 111Α του περί Αρχείου Πληθυσμού Νόμου 141(I)/2002 και παραχώρηση της κυπριακής υπηκοότητας με κατ'εξαίρεση πολιτογράφηση στα μέλη οικογένειας επιχειρηματία/επενδυτή/τριας πολιτογραφηθέντος βάσει Απόφασης του Υπουργικού Συμβουλίου), O.G, Par 4(I), No.4504, 16.9.2016, available at: [http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/626C3F5813AB3EF9C22580300033CD78/\\$file/4504%2016%209%202016%20PARARTIMA%204o%20MEROS%20I.pdf](http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/626C3F5813AB3EF9C22580300033CD78/$file/4504%2016%209%202016%20PARARTIMA%204o%20MEROS%20I.pdf)

²⁵ Guidelines for the Submission of the Investor's Application from the Ministry of Interior website, available at: [http://www.moi.gov.cy/moi/moi.nsf/all/FCEFC5099D14E49CC225806C0029F68F/\\$file/GUIDELINES%20INVESTOR%20CITIZENSHIP%20APPLICATION.pdf?openelement](http://www.moi.gov.cy/moi/moi.nsf/all/FCEFC5099D14E49CC225806C0029F68F/$file/GUIDELINES%20INVESTOR%20CITIZENSHIP%20APPLICATION.pdf?openelement)

²⁶ Council of Ministers' Decision 84.068 dated 9.1.2018, (Απόφαση Υπουργικού Συμβουλίου αρ. 84.068 ημερομηνίας 9.1.2018, Παραχώρηση της κυπριακής υπηκοότητας με κατ'εξαίρεση Πολιτογράφηση σε μη Κυπριους επενδυτές/επιχειρηματίες στη βάση του εδαφίου (2) του άρθρου 111Α του περί Αρχείου Πληθυσμού Νόμου 141(I)/2002. Σύσταση Επιτροπής Εποπτείας και Ελέγχου, εισαγωγή κώδικα συμπεριφοράς και άλλων πρακτικών μέτρων διαχείρισης της προώθησης και εφαρμογής του Σχεδίου.), O.G, Par 4(I), No.4568, 2.3.2018, available at: [http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/20CF8C6CABEC7FF4C225824400389AD4/\\$file/4568%202%203%202018%20PARARTHMA%204o%20MEROS%20I.pdf](http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/20CF8C6CABEC7FF4C225824400389AD4/$file/4568%202%203%202018%20PARARTHMA%204o%20MEROS%20I.pdf)

²⁷ Law No. 141(I)/2002: The Civil Registry Law 2002 (Αρχείου Πληθυσμού Νόμος του 2002), 141(I)/2002, O.G, Par 1(I), No.3626, 26/7/2002, as amended, available at: http://www.cylaw.org/nomoi/indexes/2002_1_141.html

²⁸ Scheme for the Naturalisation of Investors in Cyprus by exception on the basis of subsection (2) of Section 111A of the Civil Registry Laws of 2002-2015, 16.9.2016, available at: [http://www.moi.gov.cy/moi/moi.nsf/all/A0CAA99287BD0E9DC225806C002988D0/\\$file/SCHEME%20FOR%20INVESTORS%20NATURALISATION%2013.9.2016.pdf?openelement](http://www.moi.gov.cy/moi/moi.nsf/all/A0CAA99287BD0E9DC225806C002988D0/$file/SCHEME%20FOR%20INVESTORS%20NATURALISATION%2013.9.2016.pdf?openelement)

²⁹ Guidelines for the Submission of the Investor's Application from the Ministry of Interior website, available at: [http://www.moi.gov.cy/moi/moi.nsf/all/FCEFC5099D14E49CC225806C0029F68F/\\$file/GUIDELINES%20INVESTOR%20CITIZENSHIP%20APPLICATION.pdf?openelement](http://www.moi.gov.cy/moi/moi.nsf/all/FCEFC5099D14E49CC225806C0029F68F/$file/GUIDELINES%20INVESTOR%20CITIZENSHIP%20APPLICATION.pdf?openelement)

person or by a lawfully appointed representative.

Along with the submission of the application, **the applicant must submit the following necessary documents** with a letter by the applicant or by the representative of the applicant, in which the investment and criterion under which the application is submitted, are briefly explained:

■ **Personal Documents:**

- Application Form M127 fully completed and signed before a Registrar of a Cypriot court or a consular officer
- Birth Certificate
- True Copy of passport
- Certificate of Clean Criminal Record from the country of origin and the country of residence (if different)
- Marriage Certificate/Civil Partnership Certificate
- Copies of advertisements in a daily newspaper of two consecutive posts where the applicant announces through the posts that he or she applied for Cypriot citizenship.
- Two passport size photographs
- Curriculum Vitae
- Copy of Residence Permit in the Republic of Cyprus. If the applicant does not already hold a residence permit, he/she may apply for an immigration permit on the basis of Regulation 6(2) of the Aliens and Immigration Law,³⁰ simultaneously with the application for naturalization.
- If the applicant is a high-ranking senior manager the following documents should also be submitted:
 - Copy of the employment contract
 - Receipt from the Department of Inland Revenue

■ **Documents proving residence in the Republic of Cyprus:**³¹

- Contract of Sale
 - Title Deeds or Proof of Registration of the contract with the Lands and Surveys Department
 - Proof of payment of the agreed purchase price
 - Copy of the wire transfer to a Cypriot commercial banking institution in the name of the seller or the seller's company.
- Financial Documents relevant to the investment and the reason for applying under the said Scheme:

These documents may include:

- Certificate of Registration of the company/companies by the Registrar of Companies
- Certificate of shareholders by the Registrar of Companies or certificates evidencing that the applicant is the beneficiary owner of the company/companies
- Audited accounts of the company (or companies) for the last three years preceding the year of the application.

Regarding an **application which relates to investment in real estate, land development and infrastructure projects**, the applicant must submit the following documents:

³⁰ Aliens and Immigration Law, Cap. 105, (Ο περί Αλλοδαπών και Μεταναστεύσεως Νόμος, Κεφ. 105), OG Par.1(i), No. 918, 28.1.1972, available at: http://www.cylaw.org/nomoi/enop/non-ind/0_105/full.html

³¹ Council of Ministers' Decision 81.292 dated 13.9.2016; Cyprus Ministry of Immigration, 'Scheme for naturalisation of investors in Cyprus by exception on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015', pp. 4-5, available at [http://www.moi.gov.cy/moi/moi.nsf/all/A0CAA99287BD0E9DC225806C002988D0/\\$file/SCHEME%20FOR%20INVESTORS%20NATURALISATION%2013.9.2016.pdf?openement](http://www.moi.gov.cy/moi/moi.nsf/all/A0CAA99287BD0E9DC225806C002988D0/$file/SCHEME%20FOR%20INVESTORS%20NATURALISATION%2013.9.2016.pdf?openement).

- Contract of sale
- Title Deeds or Proof of Registration of the contract with the Lands and Surveys Department
- Proofs of payment of the agreed purchase price
- Copy of the wire transfer to a Cypriot commercial banking institution in the name of the seller or the seller's company
- Investment Plan for the development of the purchased land, if the investment involves the purchase of land under development

Regarding an **application which relates to purchase or Establishment or Participation in Cypriot Companies or Businesses**, the applicant must submit the following documents:

- Contract of sale
- Proof of payment of the agreed purchase price
- Certificate of shareholders by the Registrar of Companies
- Copy of the wire transfer to a Cypriot commercial banking institution in the name of the company or the organization
- Specific investment plan
- Copies of the employment contracts of the Cypriot or European Union citizens employed by the company in which the applicant has invested
- Confirmation from the Social Insurance Department as to the insurable income of the Cypriot or European Union citizens employed in the company
- Copy of the Social Insurance Contributions for every Cypriot or European Union citizen employee
- Registration Certificate (MEU1) or Permanent Registration Certificate of Union Citizen (MEU3) for employees that are European Union citizens

If the **application concerns investment in Alternative Investment Funds or financial assets of Cypriot companies or Cypriot organizations that are licensed by CySec**,³² the applicant must submit the following documents:

- Title/Titles and other relevant documents of the financial assets/units purchased
- Copy of the wire transfer to a Cypriot commercial banking institution in the name of the company or the organization
- Specific investment plan
- Confirmation by the CySec.

Where the **application concerns a combination of Investments or Investment in government bonds**, the applicant must submit the following:

- Proof from the Public Debt Management Office for the purchase of special government bonds
- Copy of the wire transfer into a bank account of the Treasury of the Republic of Cyprus.

Once an application is submitted the **examination process** begins. First of all, the documents relating to the business activities and investments of the applicant in Cyprus are sent to the Ministry of Finance for evaluation and views on whether the applicant indeed meets any of the criteria established by the Council of Ministers. Simultaneously, the Ministry of Interior investigates whether the applicant meets the other conditions of the abovementioned Decision of the Council of Ministers dated 13 September 2016. If the applicant meets the Criteria and Conditions of the Decision, the Minister of Interior presents the case to the Council of Ministers for final decision.

Provided that the application is duly submitted and accompanied by all the necessary supporting documents and the investor meets the criteria and conditions of the Decision of the Council of Ministers,

³² Cyprus Securities and Exchange Commission (CySEC) is the independent public supervisory Authority responsible for the supervision of the investment services market and transactions in transferable securities carried out in the Republic of Cyprus. <https://www.cysec.gov.cy/en-GB/cysec/vision-mission/>

the time frame for the completion of the process is approximately six months³³. It should be noted that the application submission date is the date on which the submission fees are paid that is noted on the receipt issued by the Cashier's Office of the Ministry.

Once the application is approved, the applicant will be able to take all actions for the **acquisition of the citizenship and the issue of a Cypriot passport**. Such actions entail:³⁴

1. The applicant holding a residence permit for a period of at least six months, under the provisions of the Council of Ministers Decision dated 13 September 2016 introducing the Scheme for Naturalization of non-Cypriot investors by exception on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015³⁵. The application may be submitted by the applicant in person or by a lawfully appointed representative. If the applicant does not hold the mentioned residence permit (for at least six months), he/she will have to wait until that period has expired. There is no requirement for the applicant to be physically present in Cyprus during that time - the applicant would only need to be present to collect the residence permit.
2. In addition, the applicant will need to pay a fee of EUR 5,000 for the issuance of the **Naturalisation Certificate**. This is issued by the Civil Registry and Migration Department.
3. After this step, the applicant will need to take the **Oath of Faith** before a Registrar of a Cypriot court or a consular officer of the Republic of Cyprus.

Once this procedure is completed the applicant will be able to acquire a Cypriot passport and Identity Card. The procedure for the issuing of the Cypriot passport is the same as for any Cypriot citizen. The investor must apply and also provide biometric data, at Local Administrations or at the Citizens Service Centres or at the Department of Immigration when the application concerns the fast issuing of a passport. The application may also be submitted at embassies or consulates of the Republic of Cyprus which are equipped to obtain biometric data from the applicant³⁶.

Under Council of Ministers Decision No. 84.068,³⁷ further to the above, the application may be submitted through a registered service provider. In such cases, both the applicant and the registered service provider have to submit a signed declaration confirming the application of good practice in providing the service and that the applicant is fully informed regarding the procedures of the Scheme. The new procedure is not fully operating at the moment since a Council of Ministers Decision for the appointment of the Supervisory and Control Committee of Service Providers is pending. The declarations, the Code of Conduct and all necessary information including the Declaration templates are not published yet at the Ministry of Interior website³⁸.

Criteria for acquiring citizenship by investors

1. Investment in real estate, land development and infrastructure projects:

The applicant must have made an investment of at least EUR 2 million for the purchase or construction of buildings or for the construction of other land development projects (residential or commercial

³³ Council of Ministers' Decision 906/2018, dated 21.5.2018; Granting of Cypriot Citizenship to non-Cypriot investors/businessmen under the naturalization by exception Scheme on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015, Available at: [http://www.cm.gov.cy/cm/cm_2013/cm.nsf/0A98785E52C002A9C22582AD002CBAFE/\\$file/906-2018.pdf](http://www.cm.gov.cy/cm/cm_2013/cm.nsf/0A98785E52C002A9C22582AD002CBAFE/$file/906-2018.pdf)

³⁴ Council of Ministers' Decision 81.292 dated 13.9.2016; Cyprus Ministry of Immigration, 'Scheme for naturalisation of investors in Cyprus by exception on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015. Guidelines for the submission of the Investors' Application', available at [http://www.moi.gov.cy/moi/moi.nsf/all/FCEFC5099D14E49CC225806C0029F68F/\\$file/GUIDELINES%20INVESTOR%20CITIZENSHIP%20APPLICATION.pdf?openement](http://www.moi.gov.cy/moi/moi.nsf/all/FCEFC5099D14E49CC225806C0029F68F/$file/GUIDELINES%20INVESTOR%20CITIZENSHIP%20APPLICATION.pdf?openement).

³⁵ Council of Ministers' Decision 81.292 dated 13.9.2016.

³⁶ Information provided by the Ministry of Interior Officer on 29.5.2018.

³⁷ Council of Ministers' Decision 84.068 dated 9.1.2018.

³⁸ Ministry of Interior website includes the current scheme with no reference to the new Council of Minister's Decision, available at: <http://www.moi.gov.cy/moi/moi.nsf/All/36DB428D50A58C00C2257C1B00218CAB>

developments, developments in the tourism sector) or other infrastructure projects.

It is noted that investment in land under development is included in this criterion, provided that an investment plan for the development of the purchased land will be included in the application. It is understood that investment in land that is situated in a building zone of zero development, is excluded.

Further to the above, the investor must maintain the building for at least three-years starting from the issuing of the building permit³⁹.

2. Purchase or Establishment or Participation in Cypriot Companies or Businesses:

The applicant should have made a purchase or should have participated in companies or organizations established and operating in the Republic of Cyprus with investment costs of at least EUR 2 million. The invested funds will be channelled towards the financing of the investment objectives of these companies exclusively in Cyprus, based on a specific investment plan.

The applications are evaluated to verify that the companies or organizations have proven physical presence in Cyprus, with significant activity and turnover and employ at least five Cypriots or citizens of European Union Member States. The minimum number of employees must increase, if more than one applicant invests simultaneously or almost simultaneously in the same business or company. In addition, the employees of the companies need to have legally and continuously resided in Cyprus during the five years preceding the application submission date.

3. Investment in Alternative Investment Funds or financial assets of Cypriot companies or Cypriot organizations that are licensed by CySec:

The applicant should have bought units of at least EUR 2 million from alternative investment funds (AIF) established in the Republic of Cyprus, licensed and supervised by the CySec and whose investments are made exclusively in the Republic of Cyprus, in investments that meet the criteria of this Scheme or in areas approved by the Minister of Finance.

In order to confirm that the investments that meet the criteria of the current Scheme will be kept for at least three years, the manager or the auditor of the Fund must inform in writing and on an annual basis, the Ministries of Finance and Interior with reference to the value of the initial investment.

The purchase of financial assets of Cypriot companies or organizations of at least EUR 2 million, such as bonds, bills and securities, issued with the approval of the CySec, by companies that have proven physical presence and substantial economic activity in the Republic of Cyprus, and have as a purpose the financing of the investment plans of these companies or organizations exclusively in Cyprus, based on an investment plan, fall under this criterion. It is noted that the purchase by an AIF of units of other AIFs is not considered eligible.

4. Combination of the aforementioned investments:

The applicant may proceed with a combination of the above investments, provided that the total investment amounts to at least EUR 2 million.

Within this criterion (combination of investments) the applicant may purchase special government bonds of the Republic of Cyprus, up to EUR 500,000, which will be issued by the Public Debt Management Office of the Ministry of Finance, on condition that the investor will retain these bonds

³⁹ Council of Ministers' Decision 906/2018, dated 21.5.2018; Granting of Cypriot Citizenship to non-Cypriot investors/businessmen under the naturalization by exception Scheme on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015.

for a three-year period. The characteristics and the terms of these special bonds will be determined by the General and Special Issue Terms of the Government Bonds of the Republic of Cyprus. Investments in government bonds through the secondary market are not considered eligible.

Conditions for acquiring citizenship by investors⁴⁰

1. Clean Criminal Record: the applicant must have a clean criminal record. Furthermore, his name must not be included in the list of persons whose assets, within the boundaries of the European Union, have been frozen as the result of sanctions.

2. Residence in the Republic of Cyprus: In all cases listed under the criteria for acquiring citizenship by investors, the applicant must possess a permanent privately-owned residence in the Republic of Cyprus, the purchase price of which must be at least EUR 500,000, plus VAT.

It is noted that members of the same family, which are the spouse/partner, the adult children and the parents of the investor according to the checklist and guidance provided by the Ministry of Interior,⁴¹ who apply separately as investors, can collectively acquire a residence, provided that the total value of this home-property covers the amount of EUR 500,000 per applicant.

In case that the purchase value of the permanent privately owned residence in Cyprus exceeds the amount of EUR 500,000, part of this additional amount can be used for purposes of supplementing the total amount of the investment made on the basis of the criteria above.

Additionally, it is noted that if the applicant has invested in housing unit/s on the basis of the aforementioned criterion 1 (Clean Criminal Record), the purchase of another permanent residence in Cyprus will not be required, if at least one of these housing units is worth at least EUR 500,000, plus VAT, provided that the applicant retains the possession of the residence for life.

3. Residence Permit in Cyprus: The applicant, prior to his/her naturalization as a Cypriot citizen must hold a residence permit in Cyprus.

If the applicant does not already hold a residence permit, he/she may apply for an immigration permit on the basis of the Aliens and Immigration Law,⁴² simultaneously with the application for naturalization. If the application for acquiring an immigration permit is made solely for the purposes of acquiring Cypriot citizenship, in accordance with the provisions of this Scheme, there are no other conditions to those stated above. It is noted that all of the above also applies for the adult members of the family of the investor, who will apply for naturalization.

In case the application for naturalization is rejected for any reason, the immigration permit, obtained in

⁴⁰ Part B, Council of Ministers' Decision 81.292 dated 13.9.2016, (Απόφαση Υπουργικού Συμβουλίου αρ. 81.292 ημερομηνίας 13.9.2016, Παραχώρηση της κυπριακής υπηκοότητας με κατ'εξάιρεση πολιτογράφηση σε μη Κυπρίους επενδυτές/επιχειρηματίες στη βάση του εδαφίου (2) του άρθρου 111Α του περί Αρχείου Πληθυσμού Νόμου 141(Ι)/2002 και παραχώρηση της κυπριακής υπηκοότητας με κατ'εξάιρεση πολιτογράφηση στα μέλη οικογένειας επιχειρηματία/επενδυτή/τριας πολιτογραφηθέντος βάσει Απόφασης του Υπουργικού Συμβουλίου), Ο.Γ, Παρ 4(Ι), Νο.4504, 16.9.2016, available at: [http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/626C3F5813AB3EF9C22580300033CD78/\\$file/4504%2016%209%202016%20PARARTIMA%204o%20MEROS%20I.pdf](http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/626C3F5813AB3EF9C22580300033CD78/$file/4504%2016%209%202016%20PARARTIMA%204o%20MEROS%20I.pdf). Cyprus Ministry of Immigration, 'Scheme for naturalisation of investors in Cyprus by exception on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015', pp. 4-5, available at

[http://www.moi.gov.cy/moi/moi.nsf/all/A0CAA99287BD0E9DC225806C002988D0/\\$file/SCHEME%20FOR%20INVESTORS%20NATURALISATION%2013.9.2016.pdf?openelement](http://www.moi.gov.cy/moi/moi.nsf/all/A0CAA99287BD0E9DC225806C002988D0/$file/SCHEME%20FOR%20INVESTORS%20NATURALISATION%2013.9.2016.pdf?openelement).

⁴¹ Checklist for Investors Family Members is provided at the Ministry of Interior website available at: [http://www.moi.gov.cy/moi/moi.nsf/all/34F0FA7EBF2E225AC225806C003041AA/\\$file/CHECK%20LIST%20OF%20FAMILY%20MEMBERS%20CITIZENSHIP%20APPLICATION%20DOCUMENTS.pdf?openelement](http://www.moi.gov.cy/moi/moi.nsf/all/34F0FA7EBF2E225AC225806C003041AA/$file/CHECK%20LIST%20OF%20FAMILY%20MEMBERS%20CITIZENSHIP%20APPLICATION%20DOCUMENTS.pdf?openelement)

⁴² Aliens and Immigration Law, Cap. 105, (Ο περί Αλλοδαπών και Μεταναστεύσεως Νόμος, Κεφ. 105), ΟΓ Παρ.1(ι), Νο. 918, 28.1.1972, available at: http://www.cylaw.org/nomoi/enop/non-ind/0_105/full.html

accordance with the provisions of this Decision, will be cancelled immediately.

Reasons for unsuccessful applications and remedies

The Scheme itself does not provide for specific reasons for the turning down of an application. It is however clear from the procedure described that an application may not be processed if the fee is not paid upon submission of the application. It is also clear that all necessary documents must be submitted, therefore all procedural reasons for rejecting an application under the Scheme may be found under the criteria, the terms and conditions and the necessary documents to be submitted.

It should however be noted that under the General Principles of Administrative Law of 1999, as amended,⁴³ any decision which is issued under the discretionary power of an authority must be fully and properly justified if it is against the will of the applicant, if it differentiates from past policies or previous decisions, if it consists of an exceptional measure or if the law provides that the decision should be justified. Under Article 111A of the Civil Registry Laws of 2002 to 2017, the decision must be justified. Furthermore, under Article 5 of the General Principles of Administrative Law of 1999, the administration must inform the interested party of the means to challenge the decision and possible remedies⁴⁴.

1.2 COMPETENT AUTHORITIES AND NON-PUBLIC BODIES

As mentioned above, under the provisions of Article 111A of the Civil Registry Laws of 2002 to 2017⁴⁵ the **Council of Ministers** may permit for reasons of public interest, in exceptional circumstances of high level services provided to the Republic, which are referred in the relevant decision, granting of citizenship to an alien citizen without the fulfilment of the requirements provided in paragraphs 1(a), 1(b) and 1(d) of Schedule 3.

Under the Scheme for Naturalization of non-Cypriot investors by exception on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015,⁴⁶ the application for the Naturalization by Exception needs to be submitted to the **Ministry of Interior** along with the original required documents by the applicant personally or by a representative. For the submission of the application an appointment will need to be arranged beforehand via email⁴⁷.

Apart from the Ministry of Interior, the **Ministry of Finance** is also responsible for evaluating all the documents relating to the business activities and investments of the applicant in Cyprus.

The **Ministry of Finance** is also responsible for conducting a study and assessing the application of the Cyprus Investment Programme and its effects on the economy and providing information to the Council of Ministers, under the provisions of the Council of Minister's Decision dated 21 May 2018⁴⁸.

⁴³ The General Principles of Administrative Law of 1999, L. 158(I)/1999, as amended by Law. 99(I)/2014 (Ο περί των Γενικών Αρχών του Διοικητικού Δικαίου Νόμος του 1999), OG Par. 1(I), No 3378, 31.12.1999, available at: http://www.cylaw.org/nomoi/enop/non-ind/1999_1_158/full.html.

⁴⁴ The information provided herein was confirmed on 16 March 2018 during the stakeholder consultation with an Administrative Officer at the Ministry of Interior.

⁴⁵ Law No. 141(I)/2002: The Civil Registry Law 2002 (Αρχείου Πληθυσμού Νόμος του 2002), 141(I)/2002, O.G, Par 1(I), No.3626, 26/7/2002, as amended, available at: http://www.cylaw.org/nomoi/indexes/2002_1_141.html

⁴⁶ Council of Ministers' Decision 81.292 dated 13.9.2016.

⁴⁷ Guidelines for the Submission of the Investor's Application from the Ministry of Interior website, available at: [http://www.moi.gov.cy/moi/moi.nsf/all/FCEFC5099D14E49CC225806C0029F68F/\\$file/GUIDELINES%20INVESTOR%20CITIZENSHIP%20APPLICATION.pdf?openement](http://www.moi.gov.cy/moi/moi.nsf/all/FCEFC5099D14E49CC225806C0029F68F/$file/GUIDELINES%20INVESTOR%20CITIZENSHIP%20APPLICATION.pdf?openement)

⁴⁸ Council of Ministers' Decision 906/2018, dated 21.5.2018; Granting of Cypriot Citizenship to non-Cypriot investors/businessmen under the naturalization by exception Scheme on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015.

The **Registrar of a Cypriot court or a consular officer** of the Republic of Cyprus is the competent authority for the Oath of Allegiance to the Cypriot Republic.

Although many real-estate offices, accountancy firms and law firms facilitate the applications of investors and their families under the abovementioned Scheme,⁴⁹ they are not officially recognized by the Government as non-public bodies involved in processing the applications. Their role is limited to explaining the procedure, facilitating or acting as **representatives**⁵⁰.

Council of Ministers Decision No. 84.068⁵¹ requires an **Investor Citizenship Scheme Providers Registry**, to be established including all natural and legal persons who provide services related to this Scheme. The Investor Citizenship Scheme Providers Registry has not been established yet, since the Council of Ministers Decision for the appointment of the Supervisory and Control Committee of Service Providers is pending. Such natural/legal persons will submit an application form for registration in the Registry and must meet certain admission criteria as explained in Section I above. No application for an extraordinary naturalization on the basis of the Scheme will be accepted by natural/legal persons not registered in the Registry.

Registered Service Providers will have to follow the Code of Conduct developed by CIPA, which is not yet officially published. The Code of Conduct was attached to the Council of Minister's Decision No. 84.068⁵² as Annex III⁵³. The Code will apply to all natural and legal persons involved in the Scheme, such as service providers, real estate consultants, land development companies, banking and credit institutions, and others.

Further to the above, advertising the Scheme in public places, including the Internet, with particular emphasis on the image of the Cypriot passport is forbidden⁵⁴.

1.3 MONITORING OF THE PROCEEDINGS AND THE AUTHORITIES INVOLVED

The Scheme for Naturalization of non-Cypriot investors by exception on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015,⁵⁵ does not provide a cap or any other limitation as to the number of successful applications. However, as the Council of Ministers has a discretionary power to issue decisions under Article 111A of the Civil Registry Laws of 2002 to 2017⁵⁶ any such decision may be published at any time. The Cypriot Government recently decided to introduce a cap limiting the offered citizenships to 700 per year, as of 2018⁵⁷.

As mentioned above, under the provisions of Article 111A(3) of the Civil Registry Laws of 2002 to 2017⁵⁸ in cases where the Council of Ministers may, under conditions set case by case, allow the granting of citizenship to a third-country national businessman and investor on an exceptional basis, the

⁴⁹ Cyprus Developers Alliance providing guidance to their potential clients, with the aid of KPMG <https://cyprus-alliance.com/immigration/citizenship>

⁵⁰ The information provided was confirmed on 16 March 2018 during the stakeholder consultation with an Administrative Officer at the Ministry of Interior.

⁵¹ Council of Ministers' Decision 84.068 dated 9.1.2018.

⁵² Council of Ministers' Decision 84.068 dated 9.1.2018.

⁵³ Annex III was provided by email dated 16 March 2018 during the stakeholder consultation with an Administrative Officer at the Ministry of Interior.

⁵⁴ Council of Ministers' Decision 84.068 dated 9.1.2018.

⁵⁵ Council of Ministers' Decision 81.292 dated 13.9.2016.

⁵⁶ Law No. 141(I)/2002: The Civil Registry Law 2002 (Αρχείου Πληθυσμού Νόμος του 2002), 141(I)/2002, O.G, Par 1(I), No.3626, 26/7/2002, as amended, available at: http://www.cylaw.org/nomoi/indexes/2002_1_141.html

⁵⁷ Council of Ministers' Decision 906/2018, dated 21.5.2018; Granting of Cypriot Citizenship to non-Cypriot investors/businessmen under the naturalization by exception Scheme on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015.

⁵⁸ Law No. 141(I)/2002: The Civil Registry Law 2002 (Αρχείου Πληθυσμού Νόμος του 2002), 141(I)/2002, O.G, Par 1(I), No.3626, 26/7/2002, as amended, available at: http://www.cylaw.org/nomoi/indexes/2002_1_141.html

House of Representatives must be informed in advance. In practice, this is not always followed. The House of Representatives is informed only when they request it, according to the Ministry of Interior representatives⁵⁹.

Notwithstanding the above, there is no publicly available Parliamentary Report or issue raised at the House of Representatives concerning the monitoring of the Scheme⁶⁰.

Further to the above, the recent Council of Ministers Decision No. 84.068,⁶¹ provides for the establishment of a Supervisory and Control Committee, composed of Officers of the Ministry of Interior, the Ministry of Finance and the CIPA, with the terms of reference and tasks set out in Annex 1 of the Proposal. The terms of reference described above in section 1 “Legal Background”, relate to monitoring the implementation of the Scheme.

Under the new Council of Ministers Decision dated 21 May 2018⁶² the Ministry of Finance is responsible for evaluating the Cyprus Investment Programme and its effects on the economy as mentioned in point 1.2 above.

1.4 INFORMATION ON APPLICATIONS

There is no reference to an obligation to publicly disclose information about successful applicants in the relevant legal provisions. Furthermore, statistical data on migration and citizenship provided through the website of the Ministry of Interior and the Cyprus Statistical Service⁶³ do not include specific details or percentages of applications under the Investor’s Scheme, successful or unsuccessful applications.

The data provided through the website of the Ministry of Interior⁶⁴ are not focused on ordinary naturalisation. They provide general information on migration and citizenship. On the Greek version of the website there is information on foreigners who succeeded in obtaining Cypriot citizenship for the years 2008 to 2012. The data include both the ordinary way of obtaining citizenship and the naturalisation by exception.

According to the Ministry of Interior representatives consulted⁶⁵, there are no publicly available statistics since the relevant legislation does not provide for statistics to be published. It is stated however that statistics are provided to the Ministry of Finance or the Statistical Service for research with the approval of the Minister of Interior.

Some data on naturalizations under the investment scheme were presented at the House of Representatives by Ministry of Interior officials; however, they extend beyond the time frame of this

⁵⁹ The information provided was confirmed on 16 March 2018 during the stakeholder consultation with an Administrative Officer at the Ministry of Interior.

⁶⁰ Search at the website of the House of Representatives indicated no reference to the Scheme: <http://www.parliament.cy/easyconsole.cfm/page/search>

⁶¹ Council of Ministers’ Decision 84.068 dated 9.1.2018.

⁶² Council of Ministers’ Decision 906/2018, dated 21.5.2018; Granting of Cypriot Citizenship to non-Cypriot investors/businessmen under the naturalization by exception Scheme on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015.

⁶³ Website of the Cyprus Statistical Service provides information on the population, available at: http://www.mof.gov.cy/mof/cystat/statistics.nsf/populationcondition_21main_gr?OpenFor&m&sub=1&sel=2

⁶⁴ There are general published statistics on the Ministry of Interior website available at: <http://www.moi.gov.cy/moi/CRMD/crmd.nsf/All/A2539464949A270FC2257EA400386E48?OpenDocument>

⁶⁵ The information was obtained on 16 March 2018 during the stakeholder consultation with an Administrative Officer at the Ministry of Interior.

research⁶⁶. From 2008 to the present day, naturalisations granted to persons through the investment scheme came to 3,336. Of these, 1685 cases related to the investors themselves, and 1651 to members of their family – spouses, children and parents. Meanwhile since 2001 the number of Cypriot passports granted to foreign nationals via the ‘normal’ process (marriage, etc.) amounted to 5,848. No yearly statistics are available.

1.5 INFORMATION ON NATURALISATION OF FAMILY MEMBERS

■ *Measures concerning the naturalisation of family members*

Under the provisions of the Decision of the Council of Ministers dated 13 September 2016 providing for the Scheme for Naturalization of non-Cypriot investors by exception on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015,⁶⁷ the granting of Cypriot citizenship to the spouse or partner of the investor, to the parents of the investor and to the financially dependent adult children of the investor is also provided for. For this reason, the Ministry of Interior issued Guidance for Investors’ Family Members⁶⁸.

The minor children of the investor have the right to acquire the citizenship according to the provisions of Article 110(3) of the Civil Registry Laws of 2002 to 2017⁶⁹.

According to the provisions of the abovementioned Decision, the adult family members of the investor prior to their naturalization as Cypriot citizens must hold a residence permit in Cyprus. If the applicant does not already hold a residence permit, he/she may apply for an immigration permit on the basis of the Aliens and Immigration Law,⁷⁰ simultaneously with the application for naturalization. In the case where the application for acquiring an immigration permit will be submitted solely for the purposes of acquiring the Cypriot citizenship, in accordance with the provisions of this Scheme, there are no other conditions to those stated in the Scheme the details of which are explained below.

Finally, if the application for naturalization is rejected for any reason, the immigration permit, obtained in accordance with the provisions of this Decision, will be cancelled immediately.

Spouse/Partner

The investor’s spouse or partner may acquire Cypriot citizenship after filing the relevant application (Form M127)⁷¹. In order to facilitate the procedure of the acquisition of Cypriot citizenship by the investor’s partner or spouse, the Council of Ministers decided to allow the submission of the spouse’s or partner’s application along with the application of the investor, so that both spouses/partners can

⁶⁶ “MPs seek greater transparency on sale of passports”, Cyprus Mail online, Elias Hazou, 26.2.2018, available at: <http://cyprus-mail.com/2018/02/26/mps-seek-greater-transparency-sale-passports/>

⁶⁷ Council of Ministers’ Decision 81.292 dated 13.9.2016, (Απόφαση Υπουργικού Συμβουλίου αρ. 81.292 ημερομηνίας 13.9.2016, Παραχώρηση της κυπριακής υπηκοότητας με κατ’εξαιρεση πολιτογράφηση σε μη Κυπριους επενδυτές/επιχειρηματίες στη βάση του εδαφίου (2) του άρθρου 111Α του περί Αρχείου Πληθυσμού Νόμου 141(Ι)/2002 και παραχώρηση της κυπριακής υπηκοότητας με κατ’εξαιρεση πολιτογράφηση στα μέλη οικογένειας επιχειρηματία/επενδυτή/τριας πολιτογραφηθέντος βάσει Απόφασης του Υπουργικού Συμβουλίου), Ο.Γ, Par 4(I), No.4504, 16.9.2016, available at: [http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/626C3F5813AB3EF9C22580300033CD78/\\$file/4504%2016%209%202016%20PARARTIMA%204o%20MEROS%20I.pdf](http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/626C3F5813AB3EF9C22580300033CD78/$file/4504%2016%209%202016%20PARARTIMA%204o%20MEROS%20I.pdf)

⁶⁸ Guidance for Investor’s Family Members, website of the Ministry of Interior, available at: [http://www.moi.gov.cy/moi/moi.nsf/all/95EEE257BB20479FC225806C0029B69A/\\$file/SCHEME%20FOR%20INVESTORS%20NATURALISATION%2013.9.2016_INVESTOR%20FAMILY%20MEMBERS.pdf?openelement](http://www.moi.gov.cy/moi/moi.nsf/all/95EEE257BB20479FC225806C0029B69A/$file/SCHEME%20FOR%20INVESTORS%20NATURALISATION%2013.9.2016_INVESTOR%20FAMILY%20MEMBERS.pdf?openelement)

⁶⁹ Law No. 141(I)/2002: The Civil Registry Law 2002 (Αρχείου Πληθυσμού Νόμος του 2002), 141(I)/2002, Ο.Γ, Par 1(I), No.3626, 26/7/2002, as amended, available at: http://www.cylaw.org/nomoi/indexes/2002_1_141.html

⁷⁰ Aliens and Immigration Law, Cap. 105, (Ο περί Αλλοδαπών και Μεταναστεύσεως Νόμος, Κεφ. 105), OG Par.1(i), No. 918, 28.1.1972, available at: http://www.cylaw.org/nomoi/enop/non-ind/0_105/full.html

⁷¹ The form is the same used for the investor and it is provided on the website of the Ministry of Interior: [http://www.moi.gov.cy/moi/moi.nsf/all/77531455D47220F8C2257CB7001F2015/\\$file/M127_ENG.pdf?openelement](http://www.moi.gov.cy/moi/moi.nsf/all/77531455D47220F8C2257CB7001F2015/$file/M127_ENG.pdf?openelement)

acquire Cypriot citizenship simultaneously.

Furthermore, the Decision of the Council of Ministers clarifies that for the purposes of the Scheme the term partner is interpreted in accordance with the provisions of the Civil Partnership Law 184(I)/2015⁷². According to this law the State recognizes any civil partnership concluded in the Republic of Cyprus, or any other State in accordance with the legislation of that State and is still in force.

Minor Children

The application for the granting of Cypriot citizenship to the children of the investor that are under the age of eighteen is submitted after the investor has acquired Cypriot citizenship and provided that the other parent consents to the granting of the citizenship. The application is filed at the Civil Registry and Migration Department.

Adult Children

The right to apply for citizenship is also granted to the financially dependent adult children of the investor. The Decision of the Council of Ministers has determined that it will regard as financially dependent adult children individuals belonging to one of the following categories:

- (a) students up to the age of 28 that are attending an institution of higher education aiming to obtain a diploma or an undergraduate or a master's degree. The Decision excludes individuals who are studying for the acquisition of a professional qualification (e.g. chartered accountants or barrister).
- (b) children with severe physical or mental disability that renders them unable to work.

The application can be submitted after the investor has acquired Cypriot citizenship. These applications (Form M127) are filed at the Ministry of Interior by the applicant or his/her representative.

Investor's Parents

The parents of the investor may apply for citizenship after the investor has acquired Cypriot citizenship. These applications (Form M127) are filed at the Ministry of Interior. In order for the investor's parents to be able to apply for citizenship they need to hold a permanent privately-owned residence in the Republic of Cyprus, the purchase price of which must be at least EUR 500,000, plus VAT. It is noted the investor and his/her parents, may collectively acquire a residence, provided that the total value of this home-property is at least EUR 1.000.000, plus VAT.

■ *Statistical data on the number/percentage of successful applications for naturalisation of family members*

There are no statistical data on investors' family members, except for the data mentioned in point 1.4 above reported through a newspaper article⁷³.

⁷² The Civil Partnership Law of 2015, (Ο περί Πολιτικής Συμβίωσης Νόμος του 2015, Ν. 184(I)/2015), OG No. 4543, 9.12.2015, available at: http://www.cylaw.org/nomoi/enop/non-ind/2015_1_184/full.html

⁷³ "MPs seek greater transparency on sale of passports", Cyprus Mail online, Elias Hazou, 26.2.2018, available at: <http://cyprus-mail.com/2018/02/26/mps-seek-greater-transparency-sale-passports/>

2 APPLICABLE CRITERIA AND VERIFICATION PROCEDURES

2.1 TYPE OF INVESTMENT⁷⁴

The following criteria and verification procedures are provided for in the Scheme for Naturalization of non-Cypriot investors by exception on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015⁷⁵.

Type of investment required	Applicability of financial threshold	Procedure to verify the fulfilment of the investment criterion	Competent authorities and non-public bodies
1. Investment in real estate, land development and infrastructure projects	<p>The applicant must have made an investment of at least EUR 2 million for the purchase or construction of buildings or for the construction of other land development projects (residential or commercial developments, developments in the tourism sector) or other infrastructure projects.</p> <p>The applicant must also provide evidence that he/she possesses a permanent privately-owned residence in the Republic of Cyprus, the purchase price of which must be at least EUR 500,000, plus VAT.</p>	<p>At the application stage the investor must present the following documents:</p> <ul style="list-style-type: none"> ■ Contract of sale ■ Title Deeds or Proof of Registration of the contract with the Lands and Surveys Department ■ Proofs of payment of the agreed purchase price ■ Copy of the wire transfer to a Cypriot commercial banking institution in the name of the seller or the seller's company ■ Investment Plan for the development of the purchased land, if the investment involves the purchase of land under development the investor has to pay the amount of EUR 2.000 at the Ministry of Interior with the submission of the application 	<p>The competent authority to which the application and documents are submitted is the Ministry of Interior. The Ministry of Finance subsequently receives the documents for examination. Apart from the advance information of the House of Representatives, no other scrutiny mechanism seems to exist.</p>
2. Purchase or Establishment or Participation in Cypriot Companies or Businesses	<p>The applicant should have made a purchase or should have participated in companies or organizations established and operating in the Republic of Cyprus with investment costs of at least EUR 2 million.</p> <p>The applicant must also provide evidence that he/she possesses a permanent privately-owned residence in the Republic of Cyprus, the</p>	<p>At the application stage the investor must present the following documents:</p> <ul style="list-style-type: none"> ■ Contract of sale ■ Proof of payment of the agreed purchase price ■ Certificate of shareholders by the Registrar of Companies ■ Copy of the wire transfer to a Cypriot commercial banking institution in the name of the company or the organization ■ Specific investment plan 	

⁷⁴ For the purposes of this Table, the term 'investment' covers any pecuniary disbursement required as part of the process for obtaining citizenship under the investors' citizenship scheme.

⁷⁵ Council of Ministers' Decision 81.292 dated 13.9.2016.

	purchase price of which must be at least EUR 500,000, plus VAT.	<ul style="list-style-type: none"> ■ Copies of the employment contracts of the Cypriot or European Union citizens employed by the company in which the applicant has invested ■ Confirmation from the Social Insurance Department as to the insurable income of the Cypriot or European Union citizens employed in the company ■ Copy of the Social Insurance Contributions for every Cypriot or European Union citizen employee ■ Registration Certificate (MEU1) or Permanent Registration Certificate of Union Citizen (MEU3) for employees that are European Union citizens. 	
3. Investment in Alternative Investment Funds or financial assets of Cypriot companies or Cypriot organizations that are licensed by CySec	The applicant should have bought units of at least EUR 2 million from alternative investment funds (AIF) established in the Republic of Cyprus, licensed and supervised by the CySec and whose investments are made exclusively in the Republic of Cyprus, in investments that meet the criteria of this Scheme or in areas approved by the Minister of Finance.	At the application stage the investor must present the following documents: <ul style="list-style-type: none"> ■ Title/Titles and other relevant documents of the financial assets / units purchased ■ Copy of the wire transfer to a Cypriot commercial banking institution in the name of the company or the organization ■ Specific investment plan ■ Confirmation by the CySec. 	
4. Combination of the aforementioned investments	The applicant may proceed with a combination of the above investments, provided that the total investment amounts to at least EUR 2 million. The applicant must also provide evidence that he/she possesses a permanent privately-owned residence in the Republic of Cyprus, the purchase price of which must be at least EUR 500,000, plus VAT.	At the application stage the investor must present the following documents: <ul style="list-style-type: none"> ■ Proof from the Public Debt Management Office for the purchase of special government bonds ■ Copy of the wire transfer into a bank account of the Treasury of the Republic of Cyprus. 	
Costs and checks applicable in all cases	Further to the above costs, there are application fees for the investor and his/her family which are applicable in all types of investment: ⁷⁶ Concerning the investor, the amount of EUR 2.000 is paid at the submission of the application and, if the application is approved, the amount	The checks are carried out at the application stage. All applicants must submit proof (bank transfer receipts) that the transactions were made through Cyprus banks from a foreign country to the seller's or the company's or the investment fund's Cypriot bank account. The purpose	

⁷⁶ Cyprus Passport and Citizenship Scheme FAQ, available at: <http://www.ktimatagora.com/articles/cyprus-passport-scheme/cyprus-passport-citizenship-scheme-faqs>

	<p>of EUR 5.000 is paid as a fee for the issuance of the Naturalization Certificate.</p> <p>Concerning the investor's spouse, the amount of EUR 2.000 is also paid at the submission of the application and, if the application is approved, the amount of EUR 5.000 is paid as a fee for the issuance of the Naturalization Certificate.</p> <p>Concerning the investor's adult child, the amount of EUR 2.000 is also paid at the submission of the application and, if the application is approved, the amount of EUR 5.000 is paid as a fee for the issuance of the Naturalization Certificate.</p> <p>Concerning the investor's minor child, the amount of EUR 80 is paid at the submission of the application⁷⁷.</p> <p>The applicant must also provide evidence that he/she possesses a permanent privately-owned residence in the Republic of Cyprus, the purchase price of which must be at least EUR 500,000, plus VAT.</p>	<p>of this requirement is that the money transfer will undergo all necessary checks for money laundering and financial crime applied by Cyprus banks under the Cyprus Central Bank directions against money laundering and Terrorism.</p>	
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⁷⁷ Cyprus Passport and Citizenship Scheme FAQ, available at: <http://www.ktimatagora.com/articles/cyprus-passport-scheme/cyprus-passport-citizenship-scheme-faqs>

2.2 RESIDENCE OF THE INVESTOR IN THE COUNTRY

The following criteria and verification procedures are provided for in the Scheme for Naturalization of non-Cypriot investors by exception on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015⁷⁸.

Residence criterion	Procedure	Competent authorities and non-public bodies
<p>The residence provided for in the relevant Council of Minister's Decision, mentioned above is a formal possession of a residence permit and not a requirement for physical presence.</p> <p>Effective residence is understood by the production of evidence that the applicant possesses a permanent privately-owned residence in the Republic of Cyprus, the purchase price of which must be at least EUR 500,000, plus VAT.</p> <p>Further to the above, the applicant and family members must already have a</p>	<p>The duration of the residence is not explicitly provided for in the relevant Council of Minister's Decision. The Ministry of Interior representative consulted stated that the investor must retain the residence for life.⁷⁹ Furthermore, in the abovementioned Council of Ministers decision it is stated that the applicant and his/her family must hold a residence permit for at least six months before applying for the citizenship by exception. The residence is purchased permanently as the Decision explicitly refers to a "permanent" residence. In case the applicant decides to sell the property, they must buy another one of the same or greater value⁸⁰. The duration provided for in the relevant Legislation refers to the duration of residence in Cyprus before the submission of the application.</p> <p>The following documents proving residence in the Republic of Cyprus are examined by the Ministry of Interior after the submission of the application:</p> <ul style="list-style-type: none"> ■ Contract of Sale ■ Title Deeds or Proof of Registration of the contract with the Lands and Surveys Department ■ Proof of payment of the agreed purchase price <p>Copy of the wire transfer to a Cypriot commercial banking institution in the name of the seller or the seller's company.</p> <p>To apply for a residence, permit at least six months before the application for citizenship, the applicant and any family members must submit the following with their application:⁸¹</p> <ol style="list-style-type: none"> 1. Copy of valid passport of the applicant and his dependants. 2. Curriculum Vitae. 3. Original Letter from a financial institution in Cyprus (Bank, Coop) of a deposit of EUR 30.000, pledged for three years. 4. Declaration of a secured annual income from abroad of EUR 30.000 at least (original documents and affidavit or declaration). 	<p>Competent authorities are not different from the ones in the general procedure of the application.</p> <p>There are currently no scrutiny mechanisms in place, nevertheless once the Supervisory and Control Committee is appointed they will be Reporting to the Ministries of Finance and Interior every three months.</p>

⁷⁸ Council of Ministers' Decision 81.292 dated 13.9.2016.

⁷⁹ The information was obtained on 16 March 2018 during the stakeholder consultation with an Administrative Officer at the Ministry of Interior.

⁸⁰ Cyprus Passport and Citizenship Scheme FAQ, available at: <http://www.ktimatagora.com/articles/cyprus-passport-scheme/cyprus-passport-citizenship-scheme-faqs>

⁸¹ Ministry of Interior website: <http://www.moi.gov.cy/moi/CRMD/crmd.nsf/All/AA2D584F8C1B8E2BC2257F5C00277D8A?OpenDocument>

residence permit in Cyprus for at least six months before the application for citizenship by exception but there is no requirement for physical presence.	<ol style="list-style-type: none"> 5. Title of ownership or contract of sale of a built property in Cyprus of a minimum market value of EUR 300.000 (original or true copy). If the title of ownership has not been obtained yet, the applicant must submit the contract of sale duly stamped by the Stamps Commissioner and the Department of Lands & Surveys and proof of payment for at least EUR 200.000. 6. The amounts paid for the property must be proven to have been transferred to Cyprus from abroad. 7. Official Statements by the applicant and his/her spouse that they do not intend to undertake any sort of employment in Cyprus. 8. Health Insurance Policy for the applicant and his/her dependants 9. Original Criminal Record Certificate duly certified for the applicant and his/her spouse (if the applicant resides abroad, the certificate must be issued from his/her country of residence, and submitted with an official and certified translation). 10. Marriage Certificate duly certified (official and certified translation). 11. Children's Birth Certificates duly certified (official and certified translation). 	
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2.3 GENUINE LINK

Genuine link criterion	Procedure	Competent authorities and non-public bodies
<p>Even though the Scheme for Naturalization of non-Cypriot investors by exception on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015⁸² provides for a number of criteria, conditions and documents to be presented at the application stage, there is no explicit reference to a requirement for a 'genuine link' as defined by the International Court of Justice (the existence of a 'genuine connection' as a 'connection with one state greater than with any other state').</p> <p>According to the Ministry of Interior representative,⁸³ Cypriot legislation considers investment, thus economic interests in the Republic, as a sufficient bond of the applicant with Cyprus. The Council of Ministers, during examination of an application for investor citizenship by exception requires different criteria than the ones provided under normal naturalisation.</p> <p>Following the above, in the relevant Council of Ministers Decisions the residence in the country as a necessary criterion for naturalisation is replaced by investment.</p>	<p>The applicant must provide a letter in which the investment and criterion, under which the application is submitted, are briefly explained along with the application Form.</p>	<p>Competent authorities are not different from the ones in the general procedure of the application.</p>

⁸²Council of Ministers' Decision 81.292 dated 13.9.2016.

⁸³ The information was obtained on 16 March 2018 during the stakeholder consultation with an Administrative Officer at the Ministry of Interior.

<p>According to the Ministry of Interior representative, the Investors' Citizenship Schemes are in compliance with the decisions of the European Court of Justice and the International Court of Justice. It is evident from the Courts Decisions and specifically the <i>Nottebohm</i> case that investment may be considered a sufficient bond with the country: "...the habitual residence of the individual concerned is an important factor, but there are other factors such as the centre of his interests, his family, his participation in public life, attachment shown by him for a given country and indicated in his children etc."⁸⁴.</p> <p>The same decision also accepts business activity as a sufficient reason to grant citizenship⁸⁵. Furthermore, according to the Ministry of Interior representative the <i>Rottman</i> case⁸⁶ also stresses the connection between rights and duties of a citizen and a country. Therefore, foreign investors have the same obligations as Cypriot investors. They have to pay income tax, company tax and transfer fees.</p> <p>The economic interests of a businessman investing in Cyprus are directly related to the Cypriot economy and their lives depend on it, thus creating a strong bond between investors and the Republic of Cyprus. Another relevant factor is that during the restructuring of the two larger banks in Cyprus (Bank of Cyprus and Laiki Popular Bank) foreign investors were not excluded.</p> <p>The requirement for permanent residence is provided for life, as explained above, however there is no culture or language test.</p>	<p>However, there is no express reference to a genuine link, except as provided for in the financial and residence criteria provided for above.</p>
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2.4 DUE DILIGENCE CRITERIA AND SECURITY CONSIDERATIONS

Due diligence and security considerations	Procedure	Competent authorities and non-public bodies	Abuse and ex-post checks
<p>One of the conditions provided for the application is a clean criminal record. The application form requires the submission of the following information by the applicant (investor and family members):</p> <p>Name, Surname, current address and date of residence, residence phone number, mobile phone number, citizenship, country of birth, place of birth and date of birth, passport number, date and place of issue, reason for requesting the certificate, Identity number, signature⁸⁷. Furthermore, the investor's name and family members' names must not be included in the list</p>	<p>One of the documents that must accompany the application of an investor under the Scheme is a Certificate of Clean Criminal Record from the country of origin and the country of residence (if different).</p> <p>All applicants (investor and family members) must submit proof (bank transfer</p>	<p>In Cyprus the competent authority for issuing criminal records is the Police under Article 10 of the</p>	<p>No cases of abuse have been reported. The Law, the Council of Minister's Decisions in</p>

⁸⁴ International Court of Justice, Judgment of 6 April 1955, Second Phase, *Lichtenstein v. Guatemala (Nottebohm Case)*, p. 22, available at <http://www.refworld.org/cases/ICJ,3ae6b7248.html>.

⁸⁵ International Court of Justice, Judgment of 6 April 1955, Second Phase, *Lichtenstein v. Guatemala (Nottebohm Case)*, p. 26, available at <http://www.refworld.org/cases/ICJ,3ae6b7248.html>.

⁸⁶ CJEU, *Case C-135/08*, Judgment of the Court (Grand Chamber) of 2 March 2010, *Janko Rottman v Freistaat Bayern*, ECLI:EU:C:2010:104.

⁸⁷ Cyprus Police website, Application for Clean Criminal Record Certificate, available at: <http://www.police.gov.cy/police/police.nsf/0/067F040D400989C1C22578A900272E72?OpenDocument>

<p>of persons whose assets, within the boundaries of the European Union, have been frozen as the result of sanctions.</p> <p>While preparing the criminal record report, the Police searches in both Europol and Interpol's databases⁸⁸. There is no reference to searching through the Schengen Information System (SIS)⁸⁹. It was not possible to obtain further information on these checks from the stakeholders consulted.</p> <p>The money transfer checks are made through the Cypriot Banks compliance departments, as described in the "Procedure" column, under the Law providing for the Prevention and Combatting of Legalisation of Profits from Illegal Activities of 2007 to 2018⁹⁰.</p>	<p>receipts) that the transactions were made through Cyprus banks from a foreign country to the seller's or the company's or the investment fund's Cypriot bank account. The purpose of this requirement is that the money transfer will undergo all necessary checks for money laundering and financial crime applied by Cyprus banks under the Central Bank of Cyprus directions against money laundering and terrorism⁹¹.</p> <p>Each application is submitted to due diligence checks. The due diligence costs are borne by the applicant⁹².</p>	<p>Police Laws of 2004 to 2018⁹³.</p> <p>Central Bank of Cyprus monitors and issues directions against money laundering and terrorism⁹⁴.</p>	<p>force and the Naturalisation Scheme for Investors do not provide for any further diligence requirements after the granting of citizenship.</p>
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⁸⁸ Information provided by the Ministry of Interior Officer on 29 May 2018.

⁸⁹ By way of background, it should be noted that, even though Cyprus is not a full member of Schengen, the Police have access to and can use SIS to search for criminals and do checks for police cooperation and exchange of intelligence. This information was obtained as part of a consultation with the Cypriot Police in a DG HOME project, 'Consultancy services for completeness, conformity and assessment of the practical implementation of the national measures in Cyprus transposing Framework Decision 2006/960/JHA on simplifying the exchange of information and intelligence between law enforcement authorities of the Member States of the European Union (The Swedish Initiative)' (2017/2018).

⁹⁰ Law providing for the Prevention and Combatting of Legalisation of Profits from Illegal Activities of 2007 to 2018 (Ο περί της Παρεμπόδισης και Καταπολέμησης της Νομιμοποίησης Εσόδων από Παράνομες Δραστηριότητες Νόμος του 2007-2018, O.G, Par I(I), No. 4154, 31/12/2007, available at: http://www.cylaw.org/nomoi/enop/non-ind/2007_1_188/full.html

⁹¹ This information was provided on 16 March 2018 during the stakeholder consultation with an Administrative Officer at the Ministry of Interior.

⁹² Council of Ministers' Decision 906/2018, dated 21.5.2018; Granting of Cypriot Citizenship to non-Cypriot investors/businessmen under the naturalization by exception Scheme on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015.

⁹³ The Police Laws of 2004 to 2018, L. 73(I)/2004 (Οι περί Αστυνομίας Νόμοι του 2004 έως 2018), OG Par. I(I), No. 3834, 8/4/2004 available at: http://www.cylaw.org/nomoi/enop/non-ind/2004_1_73/full.html

⁹⁴ Information on "Prevention and suppression of money laundering activities and financing of terrorism" from the Central Bank of Cyprus website, available at: <https://www.centralbank.cy/en/licensing-supervision/prevention-and-suppression-of-money-laundering-activities-and-financing-of-terrorism-1>

3 ECONOMIC AND FINANCIAL EFFICIENCY OF AWARDING CITIZENSHIP TO FOREIGN INVESTORS

Neither the Civil Registry Laws of 2002 to 2017⁹⁵ nor the Scheme for Naturalization of non-Cypriot investors by exception on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015⁹⁶ provide for the establishment of a mechanism to monitor the economic impact and financial revenues of investors who have been granted citizenship.

No official studies have been publicly reported. There have been some newspaper articles⁹⁷ however appraising Cyprus for its policy on the investor's visa and publicizing some figures which may not be verified by an official statement. There is no information as to whether in practice the Scheme has met the expectations for which it was created.

There are no statistics on the impact of the Scheme on the national economy.

However, under the Council of Ministers Decision dated 21 May 2018⁹⁸ as of 15 June 2018, the Ministry of Finance must study and assess the application of the Cyprus Investment Programme and its effects on the economy and provide information to the Council of Ministers.

⁹⁵ Law No. 141(I)/2002: The Civil Registry Law 2002 (Αρχείου Πληθυσμού Νόμος του 2002), 141(I)/2002, O.G., Par 1(I), No.3626, 26/7/2002, as amended, available at: http://www.cylaw.org/nomoi/indexes/2002_1_141.html

⁹⁶ Council of Ministers' Decision 81.292 dated 13.9.2016.

⁹⁷ Cyprus success story on the programme "Golden Visa", (Το success story της Κύπρου στο πρόγραμμα «χρυσή βίζα»), Kathimerini newspaper, Nicos Rousanoglou, 12.5.2017, available at: <http://www.kathimerini.gr/909235/article/oikonomia/die8nhs-oikonomia/to-success-story-ths-kyproy-sto-programma-xrysh-viza> and "MPs seek greater transparency on sale of passports", Cyprus Mail online, Elias Hazou, 26.2.2018, available at: <http://cyprus-mail.com/2018/02/26/mps-seek-greater-transparency-sale-passports/>

⁹⁸ Council of Ministers' Decision 906/2018, dated 21.5.2018; Granting of Cypriot Citizenship to non-Cypriot investors/businessmen under the naturalization by exception Scheme on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015.

III. OTHER COMMENTS

Even though as presented above Cyprus has provided for a number of Investors' Citizenship Schemes from 2007 until today, the findings of this research indicate that policies aim at encouraging foreign investors in Cyprus, by gradually lowering the investment financial thresholds.

Minimum requirements and financial criteria have been put in place, including personal details, permanent residence in Cyprus and investments of at least EUR 2 million. However, the requirement for a genuine link with Cyprus is satisfied with the formal possession of a permanent residence permit. The investor must also have a residence in Cyprus for life but there is no requirement for him/her to be physically present in Cyprus.

Even though the eagerness of financial benefit from the encouragement of foreign investments is comprehensible, especially after the 2013 bank crisis in Cyprus and the entering of the country in a Financial Memorandum for the minimization of the public debt, the current and previous legislation is presented or publicly available as a piecemeal attempt of financial gain.

Until recently, there were no practical mechanisms for checks as to the correct implementation of the Investors' Citizenship Scheme. The recent Council of Ministers Decision No. 84.068,⁹⁹ provides for the establishment of a Supervisory and Control Committee, an Investor Citizenship Scheme Providers Registry, a Code of Conduct, the ban on advertising and the provision of signed declarations on the part of the applicant and the service provider; however, the decision was only published recently therefore it is not possible to provide information on its practical implementation.

Further to the latest Council of Ministers' Decision dated 21 May 2018,¹⁰⁰ the Ministry of Finance must assess the application of the Cyprus Investment Programme and its effects on the economy and provide information to the Council of Ministers, from 15 June 2018 onwards. It is therefore expected that Cyprus will produce some data concerning the Investor's Programme in the near future.

At present, however, there is still no statistical data on applications, both successful and unsuccessful or information on the amount of investments brought to the island through the years of applying the various investors' schemes.

⁹⁹ Council of Ministers' Decision 84.068 dated 9.1.2018.

¹⁰⁰ Council of Ministers' Decision 906/2018, dated 21.5.2018; Granting of Cypriot Citizenship to non-Cypriot investors/businessmen under the naturalization by exception Scheme on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2015.