

Securing confidentiality in international structures via Cyprus

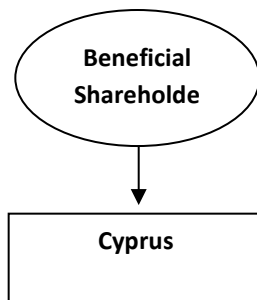
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General

Confidentiality and preservation of the anonymity of beneficial owners (individuals or companies) is, in most cases, vital in the course of international structuring. Such confidentiality may be needed for a number of reasons, whether commercial, family or otherwise, given the personal circumstances of each shareholder. Considering this, it is important that steps and measures are undertaken in order to secure such anonymity of the beneficial owners and mitigate the risk of exposure.

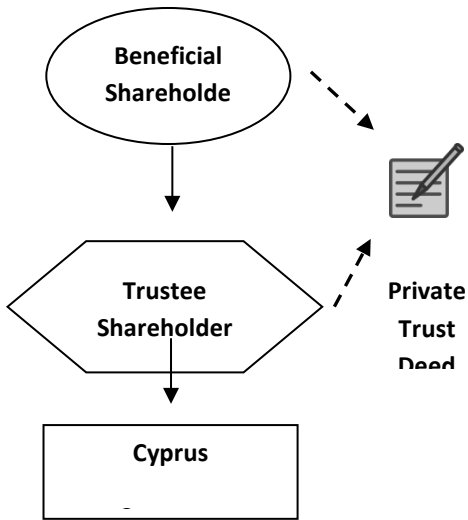
This Information Sheet addresses these confidentiality issues and sets out steps for securing confidentiality and anonymity of the beneficial owner of an international structure, with special reference to **Cyprus** and **British Virgin Islands** ("BVI") companies.

Option 1 - Directly investing in a Cyprus Company – NO CONFIDENTIALITY



- Use of a Cyprus Company is needed for tax, practical and commercial purposes. Investments can be structured via the Cyprus Company, as a holding vehicle of other sub-holding companies, or even as the operating vehicle itself.
- The Beneficial Shareholder ("BS") appears as the registered shareholder of the Cyprus Company.
- Information of the identity of registered shareholders is public information as it is filed at the public registry of Companies in Cyprus as well as to the Cyprus Tax authorities through the filing of the Company's annual tax return.

Option 2 - Use of a Trustee (Nominee) Shareholder



- The use of a trustee shareholder is a concept allowed under Cyprus Laws. It enhances confidentiality and preserves anonymity. A trust relationship is established between each BS and the trustee shareholder, evidenced by a private Trust Deed concluded by the two parties. Such Trust Deed is recognised in the Cyprus Courts of Law in case of a dispute.
- The trustee shareholder holds the shares in the Cyprus Company for and on behalf of the BS, and hence is registered as such at the public registry of Companies. Such trustee shareholder could be either a corporate or physical person of any residency. Totalserve can provide Cyprus and BVI trustee shareholders.
- Although the trustee shareholder is the legal owner of the shares held, the BS remains the beneficial owner of all incomes deriving from these shares. Furthermore, the trustee shareholder is prevented under the Trust Deed from selling, dealing with, transferring, or exercising any powers over the shares without the implicit instruction of the BS.

Option 4 - Use of a Cyprus International Trust - HIGHEST LEVEL OF CONFIDENTIALITY

- As an addition to Options 2 and 3 above, the BS can set up a Cyprus International Trust (CIT), whereby he settles the shares he beneficially owns to a CIT. This adds the highest level of confidentiality.
- A trust is essentially an arrangement whereby assets are owned and managed by one person (the trustee), for the benefit of another (the beneficiary). The use of a trust is beneficial for, amongst other, international tax planning purposes, wealth management, estate and inheritance planning.
- In such scenario, the BS, now being the Settlor, may also be the / one of the Beneficiaries.
- There is no official filing requirement whatsoever in terms of the Trust Deed and other related documents of the CIT. Hence the only parties who shall hold information about the beneficial owners in such arrangements are the Financial Service Provider (being a party to the Trust Deed) and the Bank (if any of the involved companies have a bank account). It is stressed that this information is neither held nor known by the authorities of the implicated jurisdictions.
- Confidential information may be disclosed to local authorities only under exceptional circumstances (e.g. by a local Court Order). Such cases are extremely rare and need to fulfil a number of conditions and circumstances.

NOTES:

The above is intended to provide a brief guide only. It is essential that appropriate professional advice is obtained. Our company will be glad to assist you in this respect. Please do not hesitate to contact us.