

Ladies and Gentlemen, good afternoon.

I would like to thank the Cyprus Fiduciary Association and Mr. Ioulianos in particular for his kind invitation to address the annual general meeting of its members here today.

The fiduciary industry worldwide has grown over the years into a very competitive business. As a result each country is actively trying to encourage international clients to choose their respective jurisdiction for servicing their companies or establishing their trusts in the most efficient and modern environment.

Similarly to the international trend, the sector of fiduciary or administrative service provision in Cyprus continues to grow. Today we have 136 administrative service providers authorised and regulated by the Cyprus Securities and Exchange Commission. At the same time, there are 56 applications submitted at the Cyprus SEC which are currently under review. There are also 296 companies registered at the Institute of Certified Public Accountants of Cyprus and 1082 at the Cyprus Bar Association.

Furthermore, in the trusts registry maintained internally by the CySEC, there are 2087 trusts registered at the CySEC. These are trusts governed by Cyprus law which does not fall under the trusts registry set up by the Cyprus Bar Association and the Institute of Certified Public Accountants of Cyprus.

In view of the interest in obtaining authorization by CySEC for ASPs, our key priorities revolve around maintaining and extending the effective and well-balanced supervision of the sector.

A regulated sector usually means better organisation, enhanced professionalism, higher credibility, more transparency and better overall practices. These in turn encourage the sustainable growth of the sector.

In particular, the CySEC is responsible to check that supervised entities follow proper customer identification and due diligence procedures, maintain comprehensive records, keep track of the account activity of their customers, implement a risk based approach and regularly train their staff on issues pertaining to violations of the Law and CySEC's Directive on the prevention of money laundering.

The administrative service provider must have a clear understanding at all times of its client's identity and the pattern of its client's activities.

Most importantly, internal procedures must be in place, and a Money Laundering Compliance Officer appointed, to ensure that these requirements are fulfilled.

In regards to the supervision of the Administrative Service Providers, CySEC is responsible for the assessment of ASPs' compliance with their anti-money laundering obligations. The CySEC supervision is exercised in two ways: Desk based monitoring and on-site monitoring.

As far as on-site monitoring is concerned, CySEC has a dedicated AML department that conducts on-site inspections to ASPs. Once non-compliance is observed in regards to AML obligations, the CySEC decides on the enforcement actions that need to be imposed, after taking into consideration the seriousness of the infringements. Where necessary, CySEC issues circulars in order to assist ASPs to fully comply with their obligations. In addition, CySEC is, on a daily basis, at the disposal of ASPs to answer their questions.

Findings of on-site inspections assessing the compliance of regulated entities with their obligations relating to AML, CySEC has issued a Circular (CI144-2014-25) to inform its regulated entities of the weaknesses/ deficiencies that were identified.

Based on these findings, CySEC will continue to focus on proper KYC and AML practices and urges all regulated entities to revisit the adequacy of their procedures and take remedial measures where the need arises and reexamine all client files so as to ensure that all required documents, data or information are contained according to the legislation.

In general, the ASPs should focus on solid compliance with the legislation and fulfilment of their important duties to their clients, the market and society at large, in an open and transparent manner.

The compliance function is a very important instrument in ensuring adherence of the company to all the legal obligations. That is why compliance officers will soon be obligated to be certified through passing exams held by the CySEC focused on their AML obligations. Provisions will be made for the granting of exception to individuals currently employed. Further details as well as the schedule of the examinations will be announced later on this year.

At the same time and coupled with the need to strengthen the supervision and compliance, it is of utmost importance to continue international education into the credibility and expertise of Cypriot service providers.

Against the echo of the unfair criticism regarding Cyprus being a money laundering haven of the last few years, all companies based in Cyprus have to cooperate and work hard to restore the reputation Cyprus has built over the years as a trusted destination for business.

However, the most important ingredient, which no regulation and no supervision in the world could replace in view of ensuring the reliable functioning of the sector, is the integrity of the sector's professionals.

In fact, the significance of ethics as a means of self-regulation cannot be overstated. As history has shown us on numerous occasions, the markets could have avoided many pitfalls had people adhered to the basic principles of ethics and best practices in the course of their day-to-day business.

As revealed by the relevant CySEC investigations, absence of adequate transparency, poor corporate governance and, above all, lack of business ethics, played pivotal role in the banking sector crisis in Cyprus with the disastrous results we all know.

In short, unless financial professionals all over the world make sure to always place the interest of their clients ahead of their own, market integrity can never be achieved.

Last but not least, we expect that the Cyprus Fiduciary Association will continue to contribute to the better organization of the sector, to enhance the two-way communication between the companies and the supervisory authority and to ensure the fair representation of the views and interests of its members.

We support the initiatives of the Association that in any way benefit all its members and encourage them to achieve even higher standards of professionalism and adherence to the code of ethics, as well as to attain the highest quality of services possible, through the provision of the necessary guidance and training.

Further, we expect the Association to act as an intermediary between its members and the CySEC in providing the necessary feedback in order to improve and upgrade the regulatory and supervisory regime.

In my closing remarks, I would like to once again thank the CFA for their invitation and encourage them in their efforts to support its members.

Thank you for your attention.