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**TO** : Regulated Entities

- i. CIFs
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- ix. Crypto Asset Service Providers
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**FROM** : Cyprus Securities and Exchange Commission

**DATE** : 19 April 2024

**CIRCULAR NO.** : C635

**SUBJECT** : EU Council's Restrictive Measures against Russia due to its military aggression against Ukraine – Article 5r of Council Regulation (EU) No. 833/2014

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Further to the [notification](#) regarding ‘Guidance for Reporting on outgoing transfers (Article 5r of Council Regulation (EU) No. 833/2014)’, which was released by the European Commission on 12 April 2024 and forwarded via the Cyprus Securities and Exchange Commission’s (CySEC) website, CySEC wishes to draw the attention of the Regulated Entities to the **new reporting obligations**, following the addition of Article 5r of Council Regulation (EU) No. 833/2014 through the [12<sup>th</sup> EU package of economic and individual sanctions](#) against Russia due to its military aggression against Ukraine, issued on 18 December 2023. The said Article is quoted below for ease of reference:

**Article 5r of Council Regulation (EU) No. 833/2014:**

“Article 5r

*1. Legal persons, entities and bodies established in the Union whose proprietary rights are directly or indirectly owned for more than 40 % by:*

*(a) a legal person, entity or body established in Russia;*

*(b) a Russian national; or*

*(c) a natural person residing in Russia,*

*shall, as of 1 May 2024, report to the competent authority of the Member State where they are established, within two weeks of the end of each quarter, any transfer of funds exceeding 100 000*

EUR out of the Union that they made during that quarter, directly or indirectly, in one or several operations.

2. Notwithstanding the applicable rules concerning reporting, confidentiality and professional secrecy, credit and financial institutions shall, as of 1 July 2024, report to the competent authority of the Member State where they are located, within two weeks of the end of each semester, information on all transfers of funds out of the Union of a cumulative amount, over that semester, exceeding 100 000 EUR that they initiated, directly or indirectly, for the legal persons, entities and bodies referred to in paragraph 1.

[...]”

As stated above, the European Commission has issued specific [FAQs](#), as of 12 April 2024, for the provisions of Article 5r of Council Regulation (EU) No. 833/2014 on the reporting on outgoing transfers, including a relevant [Reporting template](#) to facilitate the reporting process. It is highlighted that, paragraph 1 of Article 5r sets out reporting obligations to all legal persons, entities and bodies established in Cyprus, whose proprietary rights are directly or indirectly owned for more than 40% by a legal person, entity or body established in Russia or a Russian national or a natural person residing in Russia. It is emphasized that the said reporting obligation burdens the affected persons, and therefore, if Regulated Entities submit a report for paragraph 1 of Article 5r on behalf of an affected person, they should take all appropriate actions/measures to ensure the completeness and accuracy of the report. **Paragraph 2 of Article 5r sets out reporting obligations for credit and financial institutions.**

It is further emphasised that the reporting obligations introduced by Article 5r of Council Regulation (EU) No. 833/2014 is a **continuous obligation** with fixed deadlines (refer to question 8 of the FAQs).

**The Ministry of Finance has issued a relevant [announcement](#) (only in Greek), dated 16 April 2024, regarding the reporting obligations introduced by Article 5r of Council Regulation (EU) No. 833/2014. It is pointed out that the relevant reports should be submitted directly to the Ministry of Finance. Therefore, all the Regulated Entities that are affected by the new reporting obligations of Article 5r of Council Regulation (EU) No. 833/2014, after considering the clarifications provided above and the specific FAQs issued by the European Commission, are expected to inform the Ministry of Finance directly, within the set timeframes and according to the set manner, by following the reporting instructions indicated in the announcement of the Ministry of Finance.**

Sincerely,

Dr George Theocharides  
Chairman, Cyprus Securities and Exchange Commission