LAW FIRM

of the Future

LAW

TECH

neo.law

ELIAS
NEOCLEOUS
& Co LLC

With a history stretching back more than 65 years, and a commitment to supporting investment in the technology sector, Elias Neocleous & Co LLC is the ideal legal partner for technology companies and 'start ups' in Cyprus.

With more than 140 legal, accounting, tax, IT and cybersecurity consultant specialists, an international network of offices and contacts, and 'Tier 1' ratings for all our departments, we are the biggest and the most widely respected law firm in the region. Within our TechLaw department we offer knowledgeable and proactive support on the full range of 'start-up' issues including tax efficient business structuring, company registration, financial and data protection regulatory advice, immigration support, personal taxation, intellectual property protection, crypto asset services to include maximizing the benefits of Cyprus government investment incentive schemes such as the IP Box regime and Digital Nomad visas.

Our hard-earned reputation for quality and probity ensures that we enjoy good relations with all relevant government offices and regulatory bodies. This is reflected in the positive responses to applications achieved by our clients. Our extensive international and cross-border experience allows us to help our clients deal with their legal and business requirements at local, regional and global level.

The TechLaw Department at Elias Neocleous & Co LLC is here to actively assist technology startup companies in taking their concept to the next level. You can rely on us to help you build a sound business around your technology bringing the aim of achieving growth and enabling value and investment on a global scale.

Synergize
Upscale
Plan
Participate
Organize
Resource
Target success

2021 Legal 500. Our firm is the only law firm in Cyprus to achieve Top Tier 1 awarding across all sectors.

INDEX

Table of Contents

1. CYPRUS INTELLECTUAL PROPERTY BOX REGIME ("IP BOX") 4|5
A. Taxation of incomes linked to intellectual property 4|5
B. Tax benefits directly linked to the development and exploitation of intellectual property 4|5
C.Tax benefits indirectly linked to the development and exploitation of intellectual property 6|7

2. GUIDANCE FOR THE OPENING OF A NEW CYPRUS COMPANY OF FOREIGN INTERESTS IN CYPRUS BASED ON THE NEW STRATEGY AS OF 2 JANUARY 2022 8|9
A. Introduction
B. Eligible Companies
C. What is the procedure to be followed?
D. Employment
E. Digital Nomad Visa
F. Social Insurance Contributions and Benefits
G. Naturalisation in Cyprus
H. Scope of our services

3. OUR VISION REGARDING TECHNOLOGY, BLOCKCHAIN AND CRYPTO-ASSETS 10|11
A. Introduction 10|11
B. Set of requirements for CASP Registration in Cyprus with CySEC 10|11
C. Types of Crypto-asset activity 12|13
D. Scope of our services 12|13

4. PRIVACY AND CYBERSECURITY 12|13
A. Our vision on privacy and cybersecurity
B. Scope of our services

1. CYPRUS INTELLECTUAL PROPERTY BOX REGIME ("IP BOX")

Introduction: Cyprus' IP Box structures constitute an attractive tax option for business investment

Our firm pioneered the use of Cyprus as a jurisdiction to hold intellectual property rights in order to optimise their cross-border exploitation. The Cyprus IP Box regime offers tax benefits in relation to expenses arising from Research & Development (R&D) of a Cyprus company, including where R&D is outsourced to the Cyprus company. Cyprus is the ideal location for business investment because it offers a stable legal framework, corporate governance rules and asset protection. Key considerations in selecting Cyprus as an R&D location include the costs of facilities, IP security, regulation, immigration policy and infrastructure. The Cyprus IP Box regime has been approved as being fully compatible with EU standards.

A. Taxation of incomes linked to intellectual property

The current rate of corporation tax in Cyprus is a flat 12.5% on tax adjusted profits (taxable incomes less expenses linked to the generation of those taxable incomes). Following the EU proposal for a Directive introducing a global minimum effective tax rate of 15% (targeted on large MNEs), it is expected that Cyprus itself will be raising its own corporate tax rate from the current flat rate of 12.5% to a flat rate of 15%.

The Cyprus corporate tax rate applies to:

(a) A Cyprus tax resident company/entity or
(b) A tax resident Permanent Establishment (PE) of a non-tax resident person or
(c) A foreign PE that is subject to tax in Cyprus

As part of Cyprus' attempt to become one of the worlds most attractive environments for innovation and enterprise, several tax benefits are available to incentivize the Cyprus based development and exploitation of intellectual property.

B. Tax benefits directly linked to the development and exploitation of intellectual property

The following deductions are available in deriving the taxable profit of a person economically and/or legally owning intellectual property:

For all forms of intangible assets/intellectual property

(a)Capital allowances – any expenditure incurred for the acquisition of development of an intangible asset which is of a capital nature is allocated to the useful life of the intangible asset in a reasonable manner according to International Financial Reporting Standards, with a maximum period of 20 years. A person may elect not to claim capital allowances (in full or partly) during a specific year(s) – such unclaimed capital allowances can be carried forward and utilized over the remaining economic life of the intangible asset.

(b)Notional Interest Deduction (NID) – granting a tax deductible 'notional' interest expense when the intangible asset has either been contributed to the Cyprus entity in exchange for equity, or when the acquisition and/or development of intangible assets are made out of funds raised from new equity.

(c)All other expenses incurred for the generation of incomes linked with the intangible asset – the expenses that are disallowed for tax purposes are minimal and restricted.

For intangible assets that fall within the definition of 'Qualifying Asset'

In addition to the deductions described above (for all forms of intangible assets), a Qualifying Asset may also benefit from a further tax deduction that follows the nexus approach (as recommended by the OECD). Under the nexus approach, a tax deduction of up to 80% of 'Qualifying Profits' is granted.

Qualifying Assets include:

(a) Computer software

(b) Patents

(c) Other IP assets, which are legally protected and fall within one of the following categories: (a) utility models, intellectual property assets which provide protection to plants and genetic material, orphan drug designations and extensions of protections for patents and (b) non-obvious, useful, and novel (which are certified as such by an appropriate authority in Cyprus or abroad) where the person utilizing such assets does not generate annual gross revenues above Euro 7.5 million from all intangible assets (Euro 50 million in case of a group of companies).

Qualifying intangible assets specifically exclude, trademarks, business names, brands, image rights, and other IP rights used for the marketing of products and/or services.

Application of nexus formula

The Qualifying Profit is calculated as follows:

$$\text{Qualifying Activities} \times \frac{\text{(Qualifying Expenses + Uplift Expenditure)}}{\text{Overall Expenditure}}$$

Qualifying Activities (Overall Income)

Overall Income should not be disproportionately high given the % of qualifying expenses. Overall Income is therefore the gross income from the IP less any expenses allocable to the IP income in the year of examination.

Overall Income includes (but is not restricted to): royalties
Amount earned from an insurance/compensation linked to IP Licensing
Gains from the sale of the IP (with the exception of those gains treated as of a capital mature)
Any embedded income linked to the IP

Expenses allocable to IP income includes: expenses incurred that are directly/indirectly linked with the IP and the generation of income from the IP NID in cases whereby the IP has been injected in exchange for new equity capital allowances

Qualifying Expenses

Must be directly attributed to the IP asset.

Must include ONLY expenditures that are incurred for the purposes of actual R&D activities.

The formula should include the accumulated cost of such R&D expenses (and not just those of the year under examination).

They should be included in the formula in the year they are incurred (irrespective of accounting treatment - i.e. expenditures not full deductible during the year).

Up lift Expenditure:	An uplift of 30% to the extent that the Company incurs non qualifying expenses - i.e. qualifying expenses may be up lifted by 30% provided that the effect of the uplift will not bring qualifying expenses in excess of overall expenses. The uplift is restricted to the total amount of R&D performed by related parties.
Overall Expenditure:	Should be defined in such a way that if the qualifying taxpayer incurred all relevant expenditures itself, the ratio would allow for 100% of the income from the IP asset to benefit from the deduction. This means Overall Expenditure must be the sum of all expenditures that would count as qualifying expenses if they were undertaken by the taxpayer itself. The cost of acquiring IP is included in Overall Expenditure (but not in Qualifying Expenses). The nexus approach therefore does NOT include all expenditures ever incurred in the development of an IP in overall expenses. Instead it only adds two things to Qualifying Expenses: (a) expenditure for related party outsourcing and (b) acquisition costs.

In addition to the tax deductions detailed in this section, a further tax benefit applies on the eventual disposal of any form of intangible asset (qualifying or not). Profits from the disposal of intangible assets are completely exempt from any tax in Cyprus (not subject to capital gains tax as Cyprus only applies capital gains tax on disposals involving Cyprus immovable property, nor subject to corporation tax on a clawback of previously claimed capital allowances).

C.Tax benefits indirectly linked to the development and exploitation of intellectual property

For the individual – Director/Employee of the Cyprus tax resident entity

(a) Personal income tax levied based on progressive rates (with the first Euro 19.500 being exempt from Cyprus income tax and the high rate of 35% applying to taxable incomes in excess of Euro 60.000). The overall tax burden is reduced by:

(I) 50% if the amount of total employment income earned by the individual exceeds Euro 100.000 annually (there is no restriction on the amount of the deduction and the deduction may be claimed for a period of 17 years)*

(ii) 20% if the amount of total employment income earned by the individual is less than Euro 100.000 annually (with the maximum deduction granted being capped at a ceiling of Euro 8.550). This deduction is available for 5 years.

(b) Social insurance contributions at a low rate of 8.3% which in turn applies on maximum insurable employment income of Euro 58.080 (employment income in excess of Euro 58.080 is not subject to social insurance contributions)

(c) National Health System contributions at a low rate of 2.65% which in turn applies on incomes of up to Euro 180.000 annually

(d) Ability to claim up to Euro 9.000 as tax free re-location expenses (supported with evidence)

(e) Favourable taxation of share-based payments (included in employment income and granted the deductions described in (a)) – in general there is no taxation at the point of granting share options to directors/employees. Income tax is triggered at the time of exercising offered options (on the fair value of the shares obtained less any price paid for the option). Where a share-based payment has already vested, income tax applies in the year of vesting again on the fair value of the shares received.

(f) In continuance to (e), individuals that will obtain shares in the entity under a share based payment will benefit from: (i) nil taxation on dividends earned provided the individual is a person that is a non-domicilled Cyprus tax resident or if the individual is a non-Cyprus tax resident person and (ii) nil taxation on subsequent disposal of the shares obtained (provided the shares disposed are of an entity that does not own Cyprus immovable property – in which case capital gains tax may apply)

(g) Other exemptions are also available on employment income (full tax exemption of employment income under the 90 day rule).

For the employer – taxable entity as described in Section A

(a) Social insurance contributions at the cumulative rate of 10% applies on gross employment cost. These contributions are restricted on gross employment costs of Euro 58.080. Cohesion fund at the rate of 2% is also a contribution payable by the employer that has no ceiling (i.e. applies on the full gross employment cost).
(b) National Health System contributions at the rate of 2.90% apply on gross employment cost. These contributions are restricted on gross employment costs of Euro 180.000.
(c) Total employment costs to include all contributions born by the employer are tax deductible for the employer.

Other general tax benefits

Incoming Royalties – withholding tax on foreign jurisdictions
i. Double Tax Treaties: Cyprus has signed an extensive range of double tax treaties, giving ability to extract royalties from these jurisdictions at reduced rates when compared with the normal withholding tax rates imposed by these jurisdictions in the absence of such treaties.
ii Relief under the EU Interest and Royalty Directive:
iii. Unilateral Tax Credit Relief:

Outgoing Dividends
Profits generated by a Cyprus IP holding company can be distributed to its shareholder in the form of dividends. Cyprus Tax Law provides that any dividends payable by a company resident in Cyprus to its foreign shareholders (natural or legal persons) or to a Cyprus tax resident but non-domiciled tax individual is not subject to any withholding tax in Cyprus.

D. Scope of our services

1. Local and international direct tax advice
2. Local and international indirect tax advice
3. Local and international tax compliance (to include transfer pricing studies, DAC6 assessment and other current and emerging demanding tax matters)
4. Company law
5. Employment law
6. Property law
7. Immigration law
8. Intellectual law
9. GDPR
10. Competition, anti-trust law
11. Secondment placements

*As of the date of this publication, a new bill has been submitted to Parliament for its enactment into law with respect to the 50% tax deduction and the changes expected are as follows:

- Employment income threshold of EUR100,000 to be reduced to EUR55,000
- The 10 year current eligibility to be extended to 17 years

2. GUIDANCE FOR THE OPENING OF A NEW CYPRUS COMPANY OF FOREIGN INTERESTS IN CYPRUS BASED ON THE NEW STRATEGY AS OF 2 JANUARY 2022

A. Introduction

As of 2 January 2022, the government of the Republic of Cyprus has announced its general guidance on its "Strategy for Attracting Businesses for Activities or/and Expansion of their Activities in Cyprus." The emphasis of the strategy is on the areas of high technology, innovation, shipping, and pharmaceuticals, as well as companies dealing in biogenetics and biotechnology. Significantly it also targets companies of foreign interests.
A "Business Facilitation Unit (BFU)" has been established that will be the single point of contact for foreign companies. Its purpose is the fast and efficient processing of requests received from foreign companies for the establishment of a company in Cyprus or the expansion of activities of existing companies.

B. Eligible Companies

Assistance is available for:
• Companies/ foreign businesses in Cyprus, or foreign businesses wishing to establish presence in Cyprus that have a physical presence in Cyprus including establishment/operation of independent offices that are separate from any private residence.
• New start-ups eager to invest in the right jurisdiction with a highly educated talent pool
• Cyprus shipping companies.
• Cyprus high technology / innovation companies.
• Cypriot pharmaceutical companies or companies operating in the fields of biogenetics and biotechnology. It is noted that the maximum percentage of work permits for third country nationals ("TCN") per company is set at 70% of all employees over a period of five years. The period starts from the date of becoming a registered employer in Cyprus.
The relevant work permits / temporary residence permits will be issued within a month of the date of submitting the application and its supporting documents and they will have a validity of three years maximum.

C. What is the procedure to be followed?

All companies that wish to transfer their operations to Cyprus or expand must state their interest by submitting a request, via email, to the Business Facilitation Unit of the Ministry of Energy, Commerce and Industry. The email should include a letter that will clearly state the company's interest in the transfer or expansion of operations into Cyprus. This should be accompanied by a description of the company's main activities, its history, its aims and its number of staff. A 5-year business plan must also be submitted outlining the strategies and goals of the company and how these will lead to the company's profitability and growth in Cyprus.
Following the receipt of the above, the Business Facilitation Unit will then contact the company to inform them of the next steps and documents required.

D. Employment

D.1 Employment of Third Country Nationals ("TCN"), highly skilled employees ("specialists") from non-EU countries, and their family members, will be granted a work permit / temporary residence permit if they have a minimum gross monthly salary of €2,500. The TCN will be required to provide evidence of all relevant qualifications and experience for the position before they can be employed and offered an employment visa. The prospective TCN candidate must have all relevant qualifications for the position proposed as well as two years post qualification experience in the same position to be eligible for employment.

D.2 Employment of support staff (with gross monthly salary less than €2.500) and the employment of TCN as support staff is permitted. This is provided that the TCN employed do not exceed 30% of all support staff, and that the TCN and the employer have entered into an employment contract duly approved by the relevant authority in accordance with the applicable law. The process to be followed will involve the labour department's approval prior to the application to the migration department for the relevant work permit.

D.3 The right to family reunification of TCN who are part of the third-country employment policy

The employee has the right to bring his family and register them under the family reunification process.
Spouses continue to have the right to work in Cyprus and they may extend their right to work in Cyprus local companies by applying directly to the migration department without having to have their employment agreement stamped by the labour department. "The right to work" applies to the spouses of employees who are directors or middle-level managers in the company and receive a minimum gross monthly salary of €2.500 (i.e., it is not applicable for support staff).

E. Digital Nomad Visa

The strategy introduces the concept of a Digital Nomad Visa with a maximum initial limit of 100 Beneficiaries. Beneficiaries: TCN either self-employed or employees who work remotely using information and communication technologies, with employers / clients outside Cyprus.
Residence status: They have the right to stay in the country for up to one year, with the right to renew for another two years. They can be accompanied by their family members, to whom, upon request, a residence permit will be granted that will expire at the same time as the Digital Nomad Visa. During their stay in Cyprus, the spouse or partner (persons who have entered into a civil union), and the minor members of the beneficiary's family are not allowed to provide dependent work or to engage in any kind of economic activity in the country. If they live in the Republic for one or more periods exceeding 183 days within the same tax year then they are considered tax residents of Cyprus meaning they are not tax residents in any other country.
Prerequisites: Evidence that the employee has sufficient resources, at a fixed income level, to cover his / her living expenses during his / her stay in the country, without burdening the national social welfare system. The amount of sufficient resources is set at €3.500 per month and it can be supported:

(i) from an employment or work contract or proof of employment, in the case of dependent work, services or work; or
(ii) from a bank account.

If sufficient resources come from paid employment services, services or work, the above minimum amount refers to net income after payment of the required taxes in the country of employment. The above amount is increased by twenty percent (20%) for the spouse or cohabitant and by fifteen percent (15%) for each child. The digital nomad must have medical insurance and a clean criminal record certificate from the country of residence.

F. Social Insurance Contributions and Benefits

The procedure has been simplified for the employees' registration with the social insurance department and it is noted that the work permits / temporary residence permits will be granted within a month from the date of submitting the application and all supporting documents. It is important to mention that the social insurance contributions will also be ensured via consensual agreements with third countries. Effectively, this means that TCN are to transfer their social insurance contributions paid to Cyprus upon returning to their country of permanent residence.

G. Naturalisation in Cyprus

The period of eligibility for applying for citizenship will be reduced from seven years of residence and work in Cyprus to five years. This is further reduced to four years for individuals who are certified as being highly proficient in the Greek language. The reductions are subject to the changes in the law.
In the strategy provided by the Ministry of Finance it is stated that one of the purposes of the amendment is for the law to provide the right to the specific category of employees to submit an application for naturalization in reduced time, in comparison to the existing time criteria. In addition, considering the nature of their work and their necessary absence abroad for business purposes, the law will provide a more flexible way of calculating their period of stay in the Republic.

3. OUR VISION REGARDING TECHNOLOGY, BLOCKCHAIN AND CRYPTO-ASSETS

A. Introduction

Elias Neocleous & Co LLC recognises that the globe is on the brink of a technological revolution with the emergence of, inter alia, decentralised finance, the rise of digital assets (including virtual currencies, Non-Fungible Tokens (NFTs) and the introduction of "smart contracts"). Our team is acutely aware of the opportunities presented in these novel areas which will have a major impact on the way financial transactions are concluded. Crypto-asset regulation is still considered "terra incognita", with many jurisdictions only now making their first steps in this emerging landscape. Against this background, Cyprus is taking considerable initiatives to bring some clarity to the sector and aims to become a more attractive investment venue for this kind of business. Our firm is committed to being a key player at the forefront of advancement of this area both at a local and international level.

Elias Neocleous & Co LLC prides itself on embracing new disruptive technologies and being at the forefront of legal knowledge. The firm has an extensive history of driving new technologies forward and advising across a broad spectrum of legal, financial, and regulatory matters. The firm not only welcomes the emergence and rapid growth of the use of digital currency and the adoption of blockchain technology as a highly efficient alternative for global commerce (complicated only by a lack of regulatory certainty and apprehension of government bodies), but endeavours to be at the forefront of cutting-edge developments and to establish itself as a market leader and expert in decentralised finance, fintech, blockchain technology, crypto-assets and digital finance.
Elias Neocleous & Co LLC also strongly believes that the future of professional law firms lies in using the best of modern technology and artificial intelligence to become game-changers and expand their horizons for the benefit of their clients. This commitment is demonstrated via the cutting-edge launch of Neolaw.ai. which uses the latest and best aspects of machine learning and AI coupled with natural language processing. Neolaw.ai is on course to become an indispensable digital legal assistant and knowledge repository throughout Cyprus and beyond.

Our blockchain and digital finance team, which sits within our corporate & commercial department, has been carefully crafted to ensure that the team is unrivalled, ready, and able to deal with a variety of legal and/or regulatory issues that may arise in this area. It successfully groups together experts in all related fields and areas who share a vision to render Cyprus a destination of choice for the handling of digital assets. Members of our team have been extensively studying this area and its treatment both in Cyprus and globally for several years and are widely published experts. Recent publications of note include (1) the Cyprus chapter of the "Taxation of Crypto assets" published by Wolters Kluwer and (2) the latest developments on Crypto assets regulation in Cyprus published in the International Financial Law Review, setting out the recent developments emanating from the Fifth Anti-Money Laundering Directive, leading to Cyprus updating its definition of obliged entities under the Prevention and Suppression of Money Laundering Law 2007 as amended (the "AML/CFT Law"), to bring crypto-asset service providers (CASPs) into its scope.

Cyprus authorities have further decided that Cyprus CASPs should become approved and registered with the Cyprus Securities and Exchange Commission (CySEC). On 25 June 2021, CySEC exercising its powers under section 61E of the AML/CFT Law, issued Directive 269/2021 for the prevention and suppression of money laundering and terrorist financing (Register of Crypto Asset Service Providers) as amended by the Directive 384/2021 (the "CASP Directive"). Cyprus is one of the first members of the European Union to adopt the CASP Directive.

Elias Neocleous & Co LLC is an established market leader with a long-standing good relationship with CySEC and has extensive experience and expertise in regulatory matters, inter alia, successfully submitting applications to CySEC for investment firms, collective investment schemes and payment institutions, and the team is therefore fully equipped to handle the rules of a CASP registration in an efficient manner. The firm has cherry-picked a cross-functional team that advises and assists clients on the regulatory issues presented by the rapid development of digital currencies and the application of blockchain technology.

The Blockchain and Digital Finance team includes members active in the following spheres:

- Financial Services and Capital Markets
- Technology and Cyber Security
- FinTech and Payments
- Regulatory and Compliance
- Intellectual Property
- Corporate & Commercial
- Litigation, Arbitration, and Regulatory Practice
- Fund Formation
- Public Policy and Government Affairs
- Securities Litigation and Enforcement
- White Collar Crime and Investigations

Finally, Elias Neocleous & Co LLC has the dynamism, market standing, technical knowledge, skills, connections, collective expertise, and most importantly, the drive and enthusiasm to contribute to making Cyprus a "success story" in this new emerging industry.

B. Set of requirements for CASP Registration in Cyprus with CySEC

As per the provisions of the AML/CFT Law and the CASP Directive, the following minimum requirements apply inter alia in respect of the CASP:

Board of Directors - Minimum Requirements:

1. Only individuals
2. Majority must be based in Cyprus
3. Must be of good repute (including possession of clean criminal record), skills and experience.
4. Directors should be a minimum of 4 with 2 being executive directors and 2 being independent non-executive directors
5. Number of appointed directors depends on the structure and size of the CASP. Corporate governance practices must also be taken into consideration.

Shareholder(s) - Minimum Requirements:

1. Either individuals or corporate entities (qualified as CASP beneficiaries).
2. Must be disclosed to CySEC and assessed, up to the UBOs level.
3. Good repute (including possession of clean criminal record).
4. Proof of capability for the provision of financial assistance to the CASP (ability to ensure the sound and prudent management of the CASP in the foreseeable future (usually three years).

Minimum Organizational Requirements:

1. Chief Executive Officer
2. Chief Financial Officer
3. Full time employee, Regulatory Compliance Officer*
4. Full time employee, AML Compliance Officer*
*(the duties of the Regulatory Compliance & AML Compliance Officer can be undertaken by the same person)
5. Internal Auditor (depends on the scope, nature, scale and complexity of the activities of CASP)
6. Risk Manager (depends on the scope, nature, scale and complexity of the activities of CASP)
7. Chief Operating Officer/Operating Manager (depends on the scope, nature, scale and complexity of the activities of CASP)

All officers must be fit and proper and possess relevant experience and expertise at all times.
Other Requirements:

1. Legal entity, which must maintain its head offices in Cyprus.
2. Registration Fees payable to CySEC:
a) €10.000 for the examination of an application. Successful applicants will not be required to pay an additional fee for the first year of their registration.
b) €5.000 for the purposes of renewal of registration per year.

3. Initial capital requirement as per table below:
C. Types of Crypto-asset activity

A. CASP Type of crypto-asset activity	Initial Capital
Class 1 CASPs that provide investment advice	€50.000
Class 2 CASPs providing the service referred to in Class 1 and/or any of the following services: • reception and transmission of client orders and/or • execution of orders on behalf of clients and/or • exchange between crypto-assets and fiat currency and/or • exchange between crypto-assets and/or • participation and/or provision of financial services related to the distribution, offering and/or sale of crypto-assets, including the initial offering and/or • placement of crypto-assets without firm commitment and/or • portfolio management	€125.000
Class 3 CASPs that provide any of the services referred to in Class 1 or 2 and/or:	€150.000

• administration, transfer of ownership, transfer of site, holding, and/or safekeeping, including custody, of cypto-assets or cryptographic keys or means enabling control over crypto-assets and/or
• underwriting and/or placement of crypto-assets with firm commitment and/or
• operation of a multilateral system, which brings together multiple third party buying and selling interests in crypto-assets in a way that results in a transaction.

D. Scope of our services

Registration of a Cyprus company (the "CyCo") as a Crypto Asset Service Provider (the "CASP") on the register of CASPs established and maintained by the Cyprus Securities and Exchange Commission (the "CySEC") in order to provide or/and to exercise activities or services in relation to crypto assets on a professional basis in the Republic of Cyprus.

Services that we provide in relation to CASP registration include the following:
A) Services to be provided prior to the submission of the application to CySEC:

1. Registration of a new Cyprus company in the form of a private company limited by shares with appropriate and standard memorandum and articles of association and all other necessary documentation for the client to become the sole shareholder of said Cyprus limited liability company, which will be the applicant for the purpose of the application for the registration as a CASP in Cyprus under the AML/CFT Law and the CASP Directive.

2. Advising the client on all Cyprus regulatory aspects required to meet the criteria of CySEC for the registration of the CyCo as a CASP as further outlined in the CySEC Policy Statement on the Registration and Operations of Crypto Asset Services Providers-PS-01-2021.

3. Assistance in the completion of the Application Form 188-01 for CASP Registration and review of the required documentation for the application package, as this is included in the relevant checklists provided by CySEC, until submission:
- For the directors as well as for the persons responsible for the management of the services (e.g., personal questionnaires, relevant certificates, declarations, identification documents etc.).
- For persons who are qualified as CASPs beneficiaries: in addition to the above, documentation concerning their financial position in order for the CySEC to assess whether they have the ability to provide financial support to the CASP.

4. Reviewing or assisting in the preparation of the Business Plan, Internal Operations Manual and AML/CFT Manual and/or any other policies and/or manuals required for the purposes of approval of the application by CySEC.

5. Appointment as the Promoters of the Application and acting as the legal advisors during its submission and throughout the process of its evaluation.

6. Other legal services including drafting of agreements, plans and policies and other documents.

7. Assisting the client to achieve satisfactory compliance with CySEC's requirements

B) Services to be provided post-submission of the application to CySEC:

1. Liaison with CySEC regarding clarifications on any documentation that may be needed, preparation of appropriate responses to correspondence received from CySEC, and performance of any other process/work required during the assessment phase of the application in coordination and with the client.

4. PRIVACY AND CYBERSECURITY

A. Our vision on privacy and cybersecurity

'Digitalisation, Artificial Intelligence, Machine Learning, Data Processing, Data Sharing, Data Privacy, GDPR, Data Breaches, Ransomware Attacks, Malware, Data Recovery, Cybersecurity, Blockchain'

All the above are just some of the terms that have invaded both our personal and our business vocabularies seemingly overnight. The pace at which technology is advancing is breath-taking and many things which once seemed impossible are now almost mundane.

At Elias Neocleous & Co LLC we work with a range of technology developers and IT services companies, recognising that rapid advances in technology such as AI, blockchain, big data and cyber security are significantly impacting our business's models, their growth strategies and even day-to-day decision making, bringing opportunities to be harnessed and risks to be navigated.

Whilst new technology does open up many exciting opportunities it can also be overwhelming and make us feel vulnerable. We approach cyber as a corporate governance risk and advise on the full spectrum of cyber issues. This includes helping our clients understand and mitigate cyber risks, both in their 'business as usual' operations, and when engaging in activities which raise specific cyber concerns.

B. Scope of our services

We advise businesses on the full range of IT legal topics reflecting our deep understanding of the technological and privacy issues that underpin them. Technology developments come hand in hand with a range of legal and privacy issues, which businesses and organizations need to address. Lawyers in our multi-disciplinary technology practice understand the challenges facing those involved in the technology sector.

The services that we provide in relation to technology, privacy and cybersecurity include, but are not limited to, the following:

- Ensuring compliance of IT systems with legal requirements
- Drafting contracts and agreements relating to IT systems
- Resolving disputes relating to IT matters
- Implementing appropriate measures, policies, and procedures to ensure the protection of your data
- Implementing the appropriate procedures to ensure the compliance with all relevant regulations (such as GDPR) and national and cross-border legislation
- Drafting all documents required for organizations' full compliance, such as T&C, Privacy Notices (including websites), Policies, DPIAs, DPAs etc.
- Developing the appropriate action plans to respond to and deal with cybersecurity issues that may arise

ELIAS
NEOCLEOUS
& Co LLC

neo.law

Elias Neocleous & Co. LLC,
Neocleous House
195 Makarios III Avenue,1st–5thfloor,
CY-3030Limassol, Cyprus
+357 25110110, +357 25110001

This content is for general information purposes only. It is not meant as a legal advice on any transaction and appropriate legal advice should be sought. Elias Neocleous & Co LLC. June2022. All rights reserved ©.

ISO 9001
BUREAU VERITAS
Certification