

Criteria and Conditions of the Cyprus Investment Programme

Following the decisions of the Council of Ministers dated 13th September 2016 and 21st May 2018 as amended on 13th February 2019 and 6th May 2019, the Cyprus Investment Programme (the “**Programme**”), which is available to non-Cypriot investors who want to invest in Cyprus wishing to acquire Cypriot citizenship, has been revised.

At present, the below criteria will be applicable for the period of 15th May 2019 onwards.

The applicant is required to make an investment of €2.000.000 and a donation of at least €150.000.

The required investment can be in real estate, tourism and infrastructure projects or in shares or financial instruments of companies operating in Cyprus, including investment in Alternative Investment Funds and Regulated Alternative Investment Funds.

Our office offers comprehensive services that cover the whole process in terms of advising you on the choice of investment and in preparing and drafting all the relevant agreements and taking care of your application.

We set out below an official abridged translation into English of the relevant decision of the Council of Ministers.

DECISION OF COUNCIL OF MINISTERS

A non-Cypriot citizen, who satisfies the economic criterion A.1 and one of the economic criteria A.2 – A.5, either personally or through a company/companies in which he/she participates as a shareholder - proportionally based on his/her percentage of participation, or through investments made by his/her spouse or through investments that he/she has

made, jointly with his/her spouse, or even as a high-ranking senior manager of a company/companies that meets the economic criterion A.1 and one of the economic criteria A.2 – A.5, may apply for the acquisition of Cypriot citizenship through naturalization by exception.

A high-ranking senior manager may apply, provided that he/she receives such a remuneration that generates tax revenue for the Republic of Cyprus of at least €100.000 over a three (3) year period and provided that this tax has already been paid or prepaid.

The applicant should have concluded the necessary investments during the three (3) years preceding the date of the application and must retain the said investments for a period of at least five (5) years from the date of the naturalization. It is noted that the applicant has the right to replace his/her investments during the aforesaid five (5) year period provided that he/she has obtained beforehand an approval by the Ministry of Finance.

In the event where an applicant has been granted naturalisation and following a periodic inspection it has been established that a criterion term or condition of the Programme has been breached, the granted naturalisation may be revoked.

In addition, the application must fulfil the Terms and Conditions set out in Part B hereof.

A. ECONOMIC CRITERIA:

A.1 Donation to the Research and Innovation Foundation and the Cyprus Land Development Corporation:

(a) The applicant should make a donation of at least €75.000 to the Research and Innovation Foundation. It is noted that if the applicant wishes to donate an amount higher than the minimum of €75.000, such additional amount can be used for purposes of supplementing the total amount of the investment made on the basis of the below criteria A.2 – A.5.

Furthermore, the above criterion is waived if the applicant has invested at least €75.000 in a certified innovative enterprise that had acquired the relevant certificate by the Ministry of Finance or a certified social enterprise.

In addition, the above obligation is also waived if the applicant has made an investment under criterion A.3 (Purchase or creation or participation in Cypriot businesses or companies) for a total amount equal to the 20% of the required investment amount (i.e. €400.000) of the criterion A.3 in a company whose operations fall within the primary sector of the economy, or the secondary sector of the economy (excluding constructions), or in the sectors of research and development, education, health and renewable energy sources.

(b) The applicant should make a donation of at least €75.000 to the Cyprus Land Development Corporation for the financing of housing schemes for affordable housing, but also for the materialisation of other housing schemes/measures. It is noted that if the applicant wishes to donate an amount higher than the minimum of €75.000, such additional amount can be used for purposes of supplementing the total amount of the investment made on the basis of the below criteria A.2 – A.5.

It has been further decided by the Council of Ministers, on the 6th of May 2019, that investors who have been informed of the criteria of the Programme prior the 13th of February 2019 and are not able to submit their citizenship applications prior to the 15th of May 2019, will be exempted from the obligatory fulfillment of the aforementioned criterion A.1, provided that:

- (a) They have concluded agreement(s) for the acquisition of immovable property – either within the framework of criterion A.2 or for the fulfillment of the requirement for the possession of a privately-owned residence in Cyprus, and
- (b) The said agreement(s) has been stamped by the 15th of May 2019.

Finally, it is noted that the abovementioned exemption will be applicable for applications that will be submitted up to the **15th of July 2019**.

A.2 Investment in real estate, land development and infrastructure projects:

The applicant is required to make an investment of at least €2.000.000 through the acquisition or construction of real estate/buildings or for the development of other real estate projects (including residential or commercial developments, developments in the tourism sector or other infrastructure projects).

Please note that this criterion includes investment in land which can be developed, provided that an investment plan for the development of the land is included in the application. This means that this criterion excludes the investment in land which is situated in a zero growth development zone.

A.3 Purchase or creation or participation in Cypriot businesses or companies:

The applicant must make an investment of at least €2.000.000 in the purchase, creation or participation in businesses or companies or organisations that are based and operating in the Republic of Cyprus. The said investment funds must be specifically directed towards financing the investment purposes of the said businesses or companies or organisations exclusively and solely in the Republic of Cyprus on the basis of a business plan. Moreover, investments in the shipping sector are eligible on the basis of measurable criteria that will be determined jointly by the Ministry of Finance and the Shipping Deputy Ministry.

The applications will be examined to ensure that the businesses or companies or organisations are proven to have a tangible presence in the Republic of Cyprus, have substantial activity and a significant turnover and that they employ at least five (5) Cypriot citizens or citizens of the European Union. The minimum number of employees required to satisfy the criteria will be increased in cases where more than one applicant invests simultaneously, or almost simultaneously, in the same business or company.

A.4 Investment in Alternative Investment Funds (AIFs) or Registered Alternative Investment Funds (RAIFs) or financial instruments/assets of Cypriot businesses or companies or Cypriot organisations licenced by the Cyprus Securities and Exchange Commission:

The applicant is required to make an investment of at least €2.000.000 in units in AIFs or RAIFs which are incorporated in the Republic of Cyprus and are licensed and regulated by the Cyprus Securities and Exchange Commission, and which make investments solely in the Republic of Cyprus, in investments which fulfil the criteria of this Programme, or in sectors which are approved by the Minister of Finance. It is permitted for these AIFs and RAIFs to invest in secondary market stock-market values of the Cyprus Stock Exchange an amount that does not exceed €200.000.

For the purpose of ensuring that the investments which fulfil the criteria of the present Programme will be maintained for a period of at least five (5) years, the manager or the auditors of the AIFs or RAIFs will inform in writing the Ministry Finance with regards to the value of the initial investment on a yearly basis.

It is noted that the acquisition of financial instruments/assets of Cypriot businesses or companies or organisations of a value of at least €2.000.000, such as bonds, bills and securities, which have been issued, following due authorization from the Cyprus Securities and Exchange Commission, by companies which evidently have a tangible presence and substantial economic activity in the Republic of Cyprus and which relate to the financing of the said businesses or organization, for investment purposes exclusively in the Republic of Cyprus on the basis of a business plan falls under this criterion.

It is noted that the acquisition by AIFs or RAIFs of units of other AIFs or RAIFs does not fulfil the purposes of the present criterion A.4.

A.5 Combination of the above investments:

The applicant is able to proceed to a combination of the above investments, provided that his/her total investment will amount to at least €2.000.000.

B. TERMS AND CONDITIONS

1. Clean Criminal Record: The applicant must have a clean criminal record. Additionally his/her name must not be included in the list of people against whom a freezing order over their assets has been issued within the European Union.

2. Declaration/ Affidavit by the applicant with respect to any citizenship applications he/she may have submitted in any other EU member state(s): An applicant whose application for citizenship in any other member state(s) of the European Union had been rejected, is not eligible to apply for the acquisition of the Cypriot Citizenship under the Programme.

3. Schengen Visa: The applicant must hold a valid Schengen Visa. Third-country nationals that do not require an entry visa for travelling in European Union member-states, as well as citizens of a European Union member state are excluded from this obligation.

4. Due Diligence Report: The applicant must submit to the authorities a due diligence report issued through an internationally accepted database (e.g. World Check, LexisNexis Diligence, Regulatory DataCorp Inc. etc.).

It is noted that the above paragraphs 1-4, also apply to the adult family members of the investor who are eligible to apply for Cyprus Citizenship.

5. Owner of Permanent Residence in the Republic of Cyprus: In all cases listed in Part A, the applicant must hold a permanent privately-owned residence in the Republic of Cyprus, the purchase price of which must be at least €500.000 plus V.A.T.

It is noted that members of the same family who apply separately as investors, can collectively acquire a residence, provided that the total value of this home-property covers the amount of €500.000 plus V.A.T. per each applicant.

In cases where the purchase price of the permanent privately-owned residence in the Republic of Cyprus exceeds €500.000 plus V.A.T., part of the additional amount can be used for the purposes of completing the amount of investment which has been invested in accordance with the criteria set out in Part A above.

Additionally, it is noted that, in cases where the applicant has proceeded with investment in residential property/properties on the basis of the above mentioned criterion A.2, he/she will not be required to proceed with the purchase of an additional permanent privately-owned residence in the Republic of Cyprus, if at least one of the residential properties is worth at least €500.000

plus V.A.T. and provided that he/she will keep in his/her possession the said permanent privately-owned residence for life.

However, if the applicant has invested in housing units that have already been used by a different investor for the purpose of acquiring Cypriot citizenship under the Programme, the above provision will be in force provided that the total amount of the investment, including the privately-owned residence, is at least €2.500.000 and not €2.000.000.

6. Residence in Cyprus: Prior to his/her naturalisation as a Cypriot citizen, the applicant must be a holder of a residence permit in the Republic of Cyprus for a period of at least six (6) months.

In cases where the applicant is not already a holder of a residence permit, the applicant will be able to submit an application for an immigration permit on the basis of Regulation 6(2) of the Aliens and Immigration Law Cap 105, simultaneously with the submission of the citizenship application. It is noted that there shall be no additional requirements other than those provided for in Part A and Part B of the present Programme for the submission of an application for the immigration permit exclusively for the purpose of obtaining Cypriot citizenship.

It is noted that the above requirements are also applicable for adult members of the family of the investor who may wish to apply for Cypriot citizenship.

In cases where the application for citizenship is rejected for whatever reason, the immigration permit which was granted in accordance with the present decision will be immediately annulled.

C. FAMILY MEMBERS:

Spouse or partner, parents and financially dependent children of age 18 and above as well as minor children of the successful applicant, can also obtain citizenship.

1. **The spouse or partner** of the applicant has the right to apply simultaneously for citizenship with the applicant without having to meet any further investment criteria.

2. **Any financially dependent children** can apply for Cypriot citizenship once the application of the main applicant has been successful without having to meet any further investment criteria.

The term “financially dependent children” includes full time students up to the

age of 28 years old and individuals with serious physical or mental disability, rendering them unable to work.

3. **The parents** of the applicant can apply for Cypriot citizenship once the application of the main applicant has been successful. Please note that the parents must make a further investment of a permanent privately owned property in Cyprus of worth of at least €500.000 plus V.A.T. (or the applicant and his/her parents can co-own property worth of at least €1.000.000).