



Trustees in Cyprus regulated in 2007

Trust and company service providers in Cyprus are following in the footsteps of their European counterparts and will too be regulated at the beginning of 2007.

A draft bill outlining the details and nature of the upcoming regulation was revealed earlier in 2006 in Limassol during a much-anticipated conference, organised by the Cyprus branch of the Society of Trust and Estate Practitioners (STEP). The bill was also presented in a bid to invite comments and feedback from the island's relevant professional bodies.

The Regulation of Fiduciaries, Administration Businesses and Company Directors Bill of 2006, as it is officially known, was presented and analysed for the very first time at the conference by Spyros Stavrinakis of the Central Bank



STEP Cyprus Chairman, Peter G. Economides (right), with Spyros Stavrinakis of the Central Bank of Cyprus

of Cyprus, whose department of International Banks, Regulation and Financial

Stability, has the overall responsibility over the matter. **see page 2**

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Totalserve sets up office in Johannesburg

Totalserve Management Ltd launched in early November their new office in Johannesburg, South Africa.

Located in the Sandton Business District, the office

force in corporate and tax services.

Addressing the close to 80 professionals and clients who attended the official opening at the Michelangelo Hotel in

office has been established with a mission to provide personalised corporate, trust and tax services to foreign and local companies as well as high net worth individuals in the entire South Africa."

Economides added that the new office represented another of a series of steps aimed at further expanding the company's world wide operations.

The Johannesburg office is headed by South Africa-born Cypriot, Nick Liassou, flanked by resident Chief Representative, Maria-Anna Deroukakis. They can be reached at either johannesburg@totalservecy.com or +27 11 883 0431.



From the official opening of Totalserve's Johannesburg office

represents the company's ninth fully-fledged office, this way further reinforcing its position as an international

Sandton, Totalserve Chairman, Peter G. Economides, pointed out that "the Johannesburg



TOTALSERVE HOUSE

Welcome from the Chairman



Dear Friends,

Welcome to the first edition of *Totalserve Journal*, our group's newsletter.

The *Journal* has been a long time in the making and represents yet another step in our ongoing efforts to further improve our communication with you, our valued clients, professional associates and business partners.

While formulating the newsletter, we made sure that it didn't just

represent a medium through which to keep you informed on the latest *Totalserve* news but most importantly, act as a valuable tool for keeping you updated on the latest trends

and developments in international tax planning, corporate services, shipping and trusts in Cyprus and other jurisdictions.

We have tried to narrow down the vast related information available to the most useful and most pertinent to you and your business interests and challenges.

Last but not least, this newsletter would never be elevated to your list of preferred reading without your feedback and suggestions for improvement. I urge you to contact me with your ideas, requests and even criticism on this, our latest corporate communications effort.

On this note, I welcome you once again to our *Journal*.

With friendly regards,

Peter G. Economides, FCCA
Chairman
economides@totalservecy.com

Trustees in Cyprus

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Addressing the close to 80 professional lawyers, accountants, trust officers, bankers and other financial experts that attended the conference, Stavrinakis said that the need to regulate the profession had become even more pressing following a relevant directive by the European Parliament and European Council last year.

He added that, among other things, the bill establishes minimum criteria for licensing, this way making sure that fiduciary services are administered by "fit and proper persons."

Stavrinakis said that another of

the bill's aims was to ensure that "competent authorities have access to adequate, accurate and timely information on settlors, trustees and beneficiaries of trusts."

Totalserve's and STEP Cyprus Chairman, Peter G. Economides, said that Cyprus had a lot to learn from other financial centers in Europe who have already been regulated.

He added: "Regulation of Trustees has been discussed for the past 25 years. The time has come to actually do it. Professionals in Cyprus welcome the development."

Economides pointed out that the establishment of internationally endorsed

criteria for administering fiduciary services will boost the island's competitiveness and further increase its influx of related business.

He added that the security it offers to clients and the guarantee that their interests will be protected by law, eliminates even the slightest reservations of doing business in Cyprus.

The speeches were followed by an open forum during which attendees were offered the opportunity to discuss the subject with the speakers.

The bill is expected to be ratified by the House of Representatives at the beginning of 2007.

Criminal Liability

The Central Bank of Cyprus will have the power to appoint inspectors to investigate the affairs of any Licensed Fiduciary or any other person who is reportedly offering Fiduciary Services. The proposed legislation also provides for fines between CY£10,000 to CY£50,000 or imprisonment for a term not exceeding six months or both.

A person under this law who knowingly and willfully aids, abets, conceals, causes or procures an offence may be prosecuted against and punished as a principle offender.

The Regulation of Fiduciaries, Administration Business and Company Directors Bill 2006

The 51-pages long Bill is a comprehensive piece of legislation aiming to regulate the following:

- Formation, management and administration of Trusts whether established under Cyprus or Foreign law (including acting as or providing corporate/individual trustee(s) or protector)
- Formation, management and administration of companies,

partnerships or other unincorporated bodies whether established under Cyprus or foreign law (including the provision of corporate/individual directors, or secretaries, nominee services and registered offices)

- Acting as a director of a company or partner or unincorporated body whether established under Cyprus or foreign law.

BVI introduces new Business Company Act

As part of the British Virgin Island's continuing efforts to improve their International Business Centre status, the popular jurisdiction recently introduced the BVI Business Company Act (BVBCA).

Already, and in effect as from 1st January, 2006, all new companies are being formed as BVI Business Companies under the BVBCA. At the same time, as from 1st January, 2007 all existing companies (IBCs and local) will automatically be converted into the new BVI Business Company ("BC") without the taking of any action by either the agent or the client.

The new Act came into effect in January of 2005 and is designed to replace and merge the two existing Acts

under which companies were being formed in the British Virgin Islands. Those were the widely-known International Business Companies Act of 1984 ("IBC Act") and the Companies Act ("Cap 285"), which only applies to local companies doing business within the BVI.

The new BVBCA retains many of the benefits of the internationally popular IBC Act, including:

- Same day incorporation
- Exemption from all BVI taxes, including income tax and stamp duties
- A high degree of confidentiality
- Limited statutory filings
- Ease of administration and operation

The BVBCA also further serves



British Virgin Islands

to enhance the corporate formation regime in the BVI by widening the range of corporate vehicles available.

Under the IBC Act, only companies limited by shares were permissible. The BVBCA on the other hand, now provides for:

- Companies limited by shares
- Companies limited by guarantee not authorised to issue shares
- Companies limited by guarantee authorised to

issue shares

- Unlimited companies authorised to issue shares
- Unlimited companies not authorised to issue shares
- Restricted purposes companies
- Segregated portfolio companies

BVI has been and is expected to remain one of the world's most attractive International Business jurisdictions through which to plan business activities and formulate effective tax plans.

Cyprus shipping flag earns a white bill of health

The Cyprus flag has been removed from both the Paris and Tokyo MOUs' grey lists and upgraded to white.

The development, which came only a few days apart, was the result of many years of efforts by the Cyprus government to upgrade its shipping registry. The upgrade means that fewer ships flying the Cyprus flag will be inspected less frequently saving their ship owners time and money.

Moreover, it was also recently announced that Cyprus has been accepted as a full member state of the Paris Memorandum of Understanding (MOU) on Port State Control, this way helping to overcome the last hurdle faced by the island's shipping industry, that of Turkey's refusal

to allow Cyprus ships to enter its ports.

The Cyprus government's efforts to clean up the home-flag fleet were spearheaded by a 'three strikes and you're out' philosophy which basically



Shipping in Cyprus is in the clear

provided that upon a third detention of a ship in a two-year period, all its statutory certificates would be suspended from the date of

detention.

The efforts of the Cyprus Department of Merchant Shipping to improve safety and quality standards onboard Cyprus flag ships are reflected in the latest Annual Report of

Between 2003 and 2005, a total of 2,035 Cyprus flag ships were inspected, out of which only 111 were detained earning Cyprus a prominent position in the white list of the Tokyo MOU.

According to statistics released from the other side of the world and specifically the Paris MOU, in 2004, a total of 1050 ships were inspected, out of which only 60 were detained.

The Cyprus Flag's course through the waters of the EU is turbulent-free and the Cyprus Registry is considered today equal to its EU partners. It stands worthily against the International Shipping Community with safety levels and tax regimes the same and in many cases better than those implemented by the European Union.

the Tokyo MOU on Port State Control. Out of all the Cyprus ships inspected in 2005, only 21 were detained, compared to 38 in 2004 and 52 in 2003.

News in Brief ... News in Brief ... News in Brief ... News in Brief ...

Romanian Expansion

Totalserve's associated auditing firm, P.G. Economides & Co Limited, Chartered Certified Accountants, announced in September the start of operations of its affiliated company in Romania, P.G. Economides & Co Audit srl. The new office is located in the heart of Bucharest and provides auditing, accounting, business consultancy and tax services to foreign and local companies as well as high net worth individuals throughout Romania.

Tel: + 40 21 3174080 E-mail:romania@pgeconomides.com.

St. Petersburg presentation

Totalserve's Moscow Manager, Inna Grigoriant, flanked by George Zambartas, Senior Legal Consultant at Economides, Dionysiou & Co, Totalserve's associated law firm, recently traveled to St. Petersburg to address a yearly shipping seminar themed, "Ship Owner: Managing a Business." The event was organized by Remedy



Inna Grigoriant

Law Firm and attracted more than 70 shipping professionals and representatives from Russian and Ukrainian companies.

Grigoriant focused on the particulars of International Tax Planning via Cyprus while Zambartas offered delegates an inside look into Ship Finance with an emphasis on new builds.



George Zambartas

Totalserve Management Ltd facilitates \$700m deal

Totalserve and its affiliated law firm, Economides, Dionysiou & Co, Advocates & Legal Consultants, recently facilitated a \$700m loan agreement for the purpose of financing the

commercial activities of a major client.

The commission came through Totalserve's Moscow office.

Speaking engagement

Totalserve's Chairman, Peter G. Economides, addressed in October the 3rd Annual IBC Conference themed Trusts Forum 2006 in London, UK.

The Forum attracted an impressive array of speakers and participants from the UK and all over the world. Economides spoke on Cyprus Trusts and the forthcoming regulation of Trustees on the island.

Shaping the Future

Totalserve is co-organizing next April perhaps Cyprus' most important business conference of the year. Themed "Shaping the Future," the conference will deal with entrepreneurship, leadership and corporate governance and brings 10 of the world's top business leaders and professional experts to share their experiences with the participants.

For more information, log on to www.shaping-the-future.eu.

Romanian Presentation

Totalserve and its associated auditing firm, P.G.

Economides & Co Limited, co-organised in October a seminar in Romania on International Tax Planning via Cyprus as it relates to Romanian professionals and investors. The seminar was



Andreas Raftis

addressed by Totalserve's Bucharest Office Manager, Oana Nita and P.G. Economides & Co Limited Director, Andreas Raftis.



Oana Nita

2nd International Marketing Seminar

Totalserve staff from around the world converged under one roof earlier this year for the 2nd International Marketing Seminar, making it the biggest, most culturally diverse gathering the rapidly expanding company has ever

seen in its 35-year history.

There were close to 60 employees from eight countries speaking seven different languages at the seminar, which was held at the Columbia Beach Resort.



Totalserve staff poses for a group photo