



REPUBLIC

OF CYPRUS

HOUSE OF REPRESENTATIVES

PRESIDENT'S OFFICE

KUMITAJI PERMANENTI GHALL AFFARIET

SARRANIN U EWROPEJ

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DOK 33

Nicosia, 24 May 2013

H.E. Mr. Angelo Farrugia,  
President of the House of Representatives of Malta,  
Valletta.

Dear Colleague,

*Following my previous letter of 28 January 2013 regarding unfounded accusations presenting Cyprus as a tax haven and a place of money laundering, I wish to inform you that these accusations have been proven absolutely false by the overwhelmingly positive conclusions of the very recent Deloitte and Moneyval Reports.*

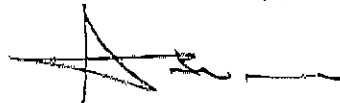
*In fact, there is no reference to or indication of systemic deficiencies in the Reports, as was alleged by the Troika. For instance, in Deloitte's Report, it was found that only 4 of 27 areas concerning Customer Due Diligence (CDD) needed further attention, while only 29 of over 570 thousand transactions analysed warranted further investigation by the Cyprus Central Bank. It was also found that Cyprus' legal framework is far stricter than normal EU standards, including the CDD rate in obtaining identity verification of ultimate beneficial owners, which in Cyprus is 10%, while the EU standard is 25% of company ownership. Finally, the Cyprus authorities' proactive approach to reduce the risk of Money Laundering (ML) is established. Moneyval, for its part, recognizes a strong implementation of CDD measures, managers' awareness of ML risks, again a strong compliance in the identification of customers and an assessment of no examples suggesting lack of understanding or weak compliance. Moneyval also establishes that there is nothing unique to Cyprus in the way international banking business is conducted.*

*Overall and in contrast to the Troika summary, the general picture portrayed is quite positive. Cyprus is therefore fully justified to feel indignant at the ferocity and viciousness of the campaign launched against it all these past months. The fact that this campaign continues even after the Eurogroup decisions is even more outrageous, though the motives behind it are more than obvious. In fact, the unfounded allegations to a large extent aim at justifying the utterly unjust treatment to which the Republic of Cyprus has been subjected by the Troika and Eurogroup.*

*It is therefore essential that such arbitrary and unjust political decisions, lacking any legal and financial logic, be exposed, scrutinized and reversed as soon as possible, in order to avoid further spillover, restore the lost credibility of the European decision-making system and, above all, the lost trust of citizens in European values and principles. I count on your solidarity and support to exercise all your influence in this direction.*

*I thank you for your attention and reiterate my highest esteem.*

*Yours sincerely,*

A handwritten signature in black ink, appearing to read 'Yiannakis L. OMIROU', with a horizontal line extending to the right.

*Yiannakis L. OMIROU,  
President of the House of Representatives  
of the Republic of Cyprus.*