

Deloitte News

Abolishment of domestic capital controls, and The financial assistance programme for Cyprus



Contacts

Nicosia Offices

infonicosia@deloitte.com
Tel. +357 22 360300

Limassol Offices

infolimassol@deloitte.com
Tel. +357 25 868686

Larnaca Offices

infolarnaca@deloitte.com
Tel. +357 24 819494

Temporary restrictive measures

The thirtieth decree for domestic banks, effective 2 June 2014, lifts all restrictions on the opening of new accounts. According to the Finance Minister of Cyprus, with this development, the Cyprus government has lifted the last of domestic capital controls introduced last year. This action is in line with the roadmap issued in August 2013, based on which all capital controls will be lifted by the end of 2014.

The latest decree on foreign banks remained largely unchanged, thus allowing them to continue serving their international clients without any significant restrictions.

The full text of both decrees can be found at the Ministry of Finance website under the heading "Latest News":

http://www.mof.gov.cy/mof/mof.nsf/index_en/index_en?OpenDocument

Cyprus' economic adjustment programme

During May 2014, IMF officials commented positively on the fourth review of Cyprus' economic programme. As per the official Statement by the European Commission, ECB and IMF, Cyprus' programme remains on track with fiscal performance still better than expected and targets being met with comfortable margins. At the same time, legislation changes are being promoted, in line with the structural reform agenda.

Conclusion of this review is subject to the approval process of both the EU and the IMF. The matter is expected to be considered by the Eurogroup, the ESM Board of Directors and the Executive Board of the IMF by early July. Their approval would pave the way for the disbursement of €600 million by the ESM, and about €86 million by the IMF.

As a result of the fourth review a number of detailed measures were agreed between the international lenders and the Cypriot authorities. These include among others:

- ▶ Necessary amendments to the legal framework will be introduced to improve the enforcement of the requirement that corporate financial statements are prepared on a regular and timely basis.
- ▶ The legal framework in relation to foreclosures and forced sales of mortgaged property will be amended and adopted by the end of this month, except for primary residences whereby the provisions will enter into force by the end of this year. The new framework will allow for private auctions to be conducted by mortgage creditors without interference from government agencies.

The full text of the announcement can be found at the European Commission website:

[http://europa.eu/rapid/press-release STATEMENT-14-161 en.htm](http://europa.eu/rapid/press-release_STATEMENT-14-161_en.htm)

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