

## **INSTRUCTIONS CONCERNING THE OPERATION OF CURRENT ACCOUNTS REGARDING THE CENTRAL INFORMATION REGISTRY (CIR)**

We are informing you that as from **01/02/2003** the Central Bank of Cyprus has put into effect the operation of the Central Information Registry ("CIR"), where details of issuers of dishonoured cheques are kept. The operation of CIR is under the responsibility of an Administrative Committee ("AC") that has the exclusive right of registering, maintaining, updating and deleting data concerning registered persons.

### **DEFINITION OF DISHONOURED CHEQUE:**

Any cheque drawn upon any Bank or any Co-operative Credit Company including Co-operative Savings Banks ("CCCSB") which, after its representation to the paying bank or CCCSB, provided that at least fifteen days have passed from the date of its first presentation, remains unpaid due to the lack or insufficiency of available funds of its issuer with the bank or CCCSB in question or any cheque drawn upon any bank or any Co-operative Credit Company including Co-operative Savings Banks ("CCCSB"), which after its first presentation remains unpaid due to the lack or insufficiency of available funds of its issuer with the Bank or CCCSB in question and following that its issuer gives an order for stop payment of the cheque, is considered to be a **dishonoured cheque**.

Return of cheque as a result of account closure is considered to be a return of the cheque due to insufficient funds in the account unless the cheque was presented for payment after six months from the closure of the account.

### **CRITERIA FOR REGISTRATION IN THE CIR**

Each Bank or CCCSB with effect from 01/02/03 is obliged to submit electronically or in any other suitable way, to the Central Bank of Cyprus, data about the dishonoured cheques and their issuers. This data is initially registered in a preliminary list. It is worth noting that even in the case of a subsequent settlement of a cheque that has been registered in the preliminary list as dishonoured, such registration cannot be deleted.

Settlement of dishonoured cheque can be done via cash payment or via a deposit of the amount in an account that will be blocked for the benefit of its payee.

**If in a twelve month period a natural or legal person has issued at least three dishonoured cheques or if the total amount of any dishonoured cheque(s) issued by such person exceeds the sum of 2.000 Euro, regardless on which Bank or CCCSB they have been issued on and regardless of whether the cheque(s) has(ve) been settled or not after their registration in the preliminary list, that person is automatically registered in the CIR.**

**Persons who are convicted by a court order for an offence relating to the issuing of a dishonoured cheque for any amount are also registered in the CIR.**

In addition to the account holder, the AC after a reasoned decision, has the right to extend the registration in the CIR to cover:

- The assignees having authority to issue cheques as agents or attornees of the issuer.
- The holder(s) of joint accounts with such person.
- In the case of legal persons, any members of the Board of Directors of such person or any other officers, who have directly or indirectly caused or participated in the issuing of the dishonoured cheque.

The registered persons in the CIR will be notified about their registration through registered post at their last known home or work address. Banks and CCCSBs will also be notified for the registration.

### **CONSEQUENCES OF REGISTRATION IN THE CIR**

Banks and CCCSBs are obliged:

- To freeze all current accounts maintained by the registered person and inform that person of this. No withdrawals or debits are allowed in relation to these accounts except for the payment of debts owed to the Bank or CCCSB, or for premiums payments for any insurances issued to the benefit of the Bank, in which the account is kept. The account can be debited for the payment of dishonoured cheques, which have been issued before the notification of registration of their issuer in the CIR.

The consequences of registration in the CIR apply throughout the period of registration during which no Bank or CCCSB is allowed to open a current account for a registered person in the CIR.

**Current account** means any account with a Bank or CCCSB for which the holder has the right to issue cheques against that account.

### **REQUIREMENTS FOR DELETION FROM THE CIR**

Deletion from the CIR is only possible after three(3) years from the date of registration provided that it is proven that all dishonoured cheques issued by that person are settled and that twelve months have passed from the date of last settlement, or according to the discretion of the Managing Committee, provided that the settlement of the dishonoured cheque was done within one (1) month from the date of return, or if twelve(12) months have elapsed from the date of settlement of all dishonoured cheques.

### **ACTIONS AFTER DELETION**

After deletion of an entity from the CIR, the Central Bank of Cyprus removes the name of the entity from CIR and at the same time informs all the Banks and CCCSB. The contact details( e.g telephone, addresses etc) of removed entities is maintained in a separate catalogue that is accessible to all Banks and CCCSB.

For any additional information or clarifications, please contact your Responsible Officer or our Customer Teleservice Centre at 8000 2323.