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## OBTAINING CYPRIOT CITIZENSHIP THROUGH CYPRUS GOVERNMENT BONDS

Further to our Newsletter on Revised Criteria for Cyprus Citizenship on May 2014, we discourse on obtaining Cypriot citizenship through Cyprus government bonds.

The government of Cyprus is issuing new government bonds which will qualify for citizenship, thus making it easier for foreign investors to obtain a Cyprus passport through investment to become citizens of Cyprus. This is substantially more beneficial than a bank deposit as it yields a much higher return than savings interest rates.

Investment in government bonds can constitute a safer option for foreign investors seeking to obtain Cyprus citizenship due to their risk averse character rather than real estate, Cypriot businesses and bank deposits. Government bonds investment will not be susceptible to volatile market fluctuations and will not require extensive time to be spent on business management and decisions. The investor has the option to utilize government bonds as a part of the €5mn investment required to obtain a Cypriot passport. Furthermore the acquisition of the bonds outright will assist the investor to receive his passport, without any delay.

The decision of the Council of Ministers provides for the grant of the Cypriot citizenship to the spouse as well as to the financially dependent adult children (eighteen years old or above). Neither the spouse nor the children are obliged to meet any financial criteria. In all types of investment (deposits/bonds/real estate) the applicant has to buy a residence in Cyprus valued at least €500,000 plus VAT.

## Cyprus Government Bonds issue in a nutshell

Government bonds for natural persons (retail bonds) are specially designed to meet the characteristics of natural persons as investors. Government bonds will have a maturity of six years but with the possibility of early repayment with 30 days' notice and step-up interest rate which increases depending on the time that the investor will have it in his possession.

The Cyprus Ministry of Finance is proposing to issue new government bonds on 11 and 12 January. €200mn worth of bonds will be auctioned in the Cyprus Stock Exchange (CSE) as follows:

Duration	Amount of Bonds Issued	Interest rate
2 years	€50.000.000	2.00%
7 years	€150.000.000	3.25%

The minimum amount of bonds per application would be €10.000. The investor can go into early liquidation of bonds held by completing an application and submitting it to the CSE within 30 days the government will pay the relevant amount according to the investor's payment instructions.

If the investor does have an account in the CSE, the opening portion cost will be 10 euros with the CSE. The CSE also charges annually 0.003% on the security holder's balance. All payments related to bonds will be made via bank transfer to the accounts specified by the investor.

## Benefits of investing in Cyprus bonds and the Cypriot economy going forward

The prospects of the Cypriot economy for 2015 have considerably improved given prior estimations and GDP growth has been protracted to 1.5% for 2015. This has enabled

major bond credit rating agencies to update the Cyprus bonds credit ratings to B1 for Moody's and BB for S&P.

The reduction in yield return of the Cyprus government bonds are directly correlated with the rise in GDP growth of the Cyprus economy and the low interest rates that prevail in the international Government bond market. Furthermore, the low bank interest saving rates with levied special defence contribution tax of 30%. On the other hand, interest income from government bonds for individuals is subject to imposition of special contribution for defence amounting to 3%. Furthermore their returns are as follows:

- Short term bonds prior to 2019, returns range between 2.25%-3.00%
- Bonds expiring after 2019, returns range between 3.00%-3.75%

## What we can do for you

The issuer of the bond is the Republic of Cyprus. The CSE has undertaken the process of applications as well as general servicing of investors. The bonds are not admitted to trading in CSE. Consequently potential investors can only purchase the bonds from licensed investment firms.

Our affiliated One Plus Capital Ltd is licensed by the Cyprus Securities and Exchange Commission (CySEC) to operate as a Cyprus Investment Firm (License No 111/10 granted on the 26th January 2010).

One Plus Capital will be happy to assist you in the application process in acquiring the bonds. Our professionals have the experience to advice clients given their personal preferences and needs. Furthermore, Oneworld Limited will be able to prepare, complete and track your application for your Cypriot passport through investment with an utmost professional manner and confidentiality.

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Our services include:

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