

**BASIS FOR AGREEMENT ON A
COMPREHENSIVE SETTLEMENT
OF THE CYPRUS PROBLEM**

COMPREHENSIVE SETTLEMENT OF THE CYPRUS PROBLEM

We, the democratically elected leaders of the Greek Cypriots and the Turkish Cypriots, through negotiations under the auspices of the Secretary-General of the United Nations in which each side represented itself, and no-one else, as the political equal of the other, have freely agreed to settle the Cyprus Problem in all its aspects in the following comprehensive manner:

Article 1 Foundation Agreement

1. The main articles of the appended Foundation Agreement¹ are hereby agreed, as is the substance of the specially marked parts of the Annexes thereto and the map delineating the boundary between the <component states>. The Draft Annexes as a whole are hereby accepted as a basis for agreement to be finalized no later than 28 February 2003.
2. The finalization of all Draft Annexes shall be accompanied and facilitated by the appended measures.²
3. The Secretary-General is invited to certify the results of the finalization process, and to include his suggestions, if any are indispensable, to finalize the Agreement.
4. That finalized Foundation Agreement shall be submitted by each side to referendum on 30 March 2003, together with other specified matters related to the coming into being of the new state of affairs, including accession to the European Union.
5. Should the Foundation Agreement not be approved at the separate simultaneous referenda, it shall be null and void, and the commitments undertaken in this Comprehensive Settlement shall have no further legal effect.

Article 2 Treaty on matters related to the new state of affairs in Cyprus

Upon entry into force of the Foundation Agreement, the Co-Presidents of Cyprus shall, on invitation and in the presence of the Secretary-General of the United Nations (or his representative), sign the appended Treaty³ with Greece, Turkey and the United Kingdom, which shall be registered as an international treaty in accordance with Article 102 of the Charter of the United Nations.

¹ **Reference:** Appendix A.

² **Reference:** Appendix B.

³ **Reference:** Appendix C.

Article 3 *Matters to be submitted to the United Nations Security Council for decision*

The Secretary-General of the United Nations is invited to request the Security Council to take decisions as appended.⁴

Article 4 *Conditions of accession to the European Union*

Pursuant to the willingness of the European Union to accommodate the terms of a comprehensive settlement and to assist its implementation, as expressed in the conclusions of the Brussels European Council of 24 and 25 October, the requests to the European Union to attach the appended Protocol to the Act concerning the conditions of accession of Cyprus to the European Union, and to include the appended paragraph in the conclusions of the Copenhagen European Council, are hereby agreed.⁵

Glaucos Clerides
For the Greek Cypriot side

Rauf Denktash
For the Turkish Cypriot side

The Hellenic Republic, the Republic of Turkey, and the United Kingdom of Great Britain and Northern Ireland hereby agree with this Comprehensive Settlement of the Cyprus Problem, and commit themselves to sign together with Cyprus the appended Treaty⁶ on matters related to the new state of affairs in Cyprus, which shall be registered as an international treaty in accordance with Article 102 of the Charter of the United Nations.

Signature
Hellenic Republic

Signature
United Kingdom of
Great Britain and
Northern Ireland

Signature
Republic of Turkey

Witnessed by

Kofi A. Annan
Secretary-General of the United Nations

⁴ Reference: Appendix D.

⁵ Reference: Appendix E.

⁶ Reference: Appendix C.

Appendices to the Comprehensive Settlement of The Cyprus Problem:

- **Appendix A: Foundation Agreement**
- **Appendix B: Measures to accompany and facilitate the finalization process**
- **Appendix C: Treaty between Cyprus, Greece, Turkey and the United Kingdom on matters related to the new state of affairs in Cyprus**
- **Appendix D: Matters to be submitted to the United Nations Security Council for decision**
- **Appendix E: Requests to the European Union with respect to the accession of Cyprus to the European Union**

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APPENDIX A

FOUNDATION AGREEMENT

- i. Affirming that Cyprus is our common home and recalling that we were co-founders of the Republic established in 1960*
- ii. Resolved that the tragic events of the past shall never be repeated and renouncing forever the threat or the use of force, or any domination by or of either side*
- iii. Acknowledging each other's distinct identity and integrity and that our relationship is not one of majority and minority but of political equality*
- iv. Deciding to renew our partnership on that basis and determined that this new partnership shall ensure a common future in friendship, peace, security and prosperity in an independent and united Cyprus*
- v. Underlining our commitment to international law and the principles and purposes of the United Nations*
- vi. Committed to respecting democratic principles, individual human rights and fundamental freedoms, as well as each other's cultural, religious, political, social and linguistic identity*
- vii. Determined to maintain special ties of friendship with, and to respect the balance between, Greece and Turkey, within a peaceful environment in the Eastern Mediterranean*
- viii. Looking forward to joining the European Union, and to the day when Turkey does likewise*
- ix. Welcoming the Comprehensive Settlement freely reached by our democratically elected leaders on all aspects of the Cyprus Problem, and its endorsement by Greece and Turkey, along with the United Kingdom*

We, the Greek Cypriots and the Turkish Cypriots, exercising our inherent constitutive power, by our free and democratic, separately expressed common will adopt this Foundation Agreement.

Article 1 The new state of affairs

1. This Agreement establishes a new state of affairs in Cyprus.

2. ~~Upon entry into force of this Agreement, The treaties listed in this Agreement shall be binding on~~ **bind** Cyprus and the attached <common state> legislation indispensable for the functioning of the <common state> shall ~~be in force.~~ **apply upon entry into force of this Agreement.**
3. The Treaty of Establishment, the Treaty of Guarantee, and the Treaty of Alliance remain in force and shall apply *mutatis mutandis* to the new state of affairs. Upon entry into force of this Agreement, Cyprus shall sign a Treaty with Greece, Turkey and the United Kingdom on matters related to the new state of affairs in Cyprus, along with additional protocols to the Treaties of Guarantee and Alliance.
4. Cyprus shall sign and ratify the Treaty of Accession to the European Union.
5. Cyprus shall maintain special ties of friendship with Greece and Turkey, respecting the balance established by the Treaty of Guarantee and the Treaty of Alliance and this Agreement, and as a European Union member state shall support the accession of Turkey to the Union.
6. Any unilateral change to the state of affairs established by this Agreement, in particular union of Cyprus in whole or in part with any other country or any form of partition or secession, ~~shall be~~ **is** prohibited. Nothing in this Agreement shall in any way be construed as contravening this prohibition.

Article 2 *The State of Cyprus, its <common state> government, and its <component states>*

1. The status and relationship of the State of Cyprus, its <common state> government, and its <component states>, is modeled on the status and relationship of Switzerland, its federal government, and its Cantons. Accordingly:
 - a. Cyprus is an independent state in the form of an indissoluble partnership, with a <common state> government and two equal <component states>, one Greek Cypriot and one Turkish Cypriot. Cyprus has a single international legal personality and sovereignty and is a member of the United Nations. Cyprus is organized under its Constitution in accordance with the basic principles of rule of law, democracy, representative republican government, political equality, bi-zonality, and the equal status of the <component states>.
 - b. The <common state> government sovereignly exercises the powers specified in the Constitution, which shall ensure that Cyprus can speak and act with one voice internationally and in the European Union, fulfill its obligations as a European Union member state, and protect its integrity, borders and ancient heritage.
 - c. The <component states> are of equal status. Within the limits of the Constitution, they sovereignly exercise all powers not vested by the Constitution in the <common state> government, organizing themselves freely under their own Constitutions.

2. The <component states> shall cooperate and co-ordinate with each other and with the <common state>, including through Cooperation Agreements, as well as through Constitutional Laws approved by the legislatures of the <common state> and the <component states>. In particular, the <component states> shall participate in the formulation and implementation of policy in external and European Union relations on matters within their sphere of competence, in accordance with Cooperation Agreements modeled on the Belgian example. The <component states> may have commercial and cultural relations with the outside world in conformity with the Constitution.
3. The <common state> and the <component states> shall fully respect and not infringe upon the powers and functions of each other. There shall be no hierarchy between the laws of the <common state> and those of the <component states>. Any act in contravention of the Constitution shall be null and void.
4. The Constitution of Cyprus may be amended by separate majority of the voters of each <component state> **in accordance with the specific provisions of the Constitution.**

Article 3 *Citizenship*

1. There is a single Cypriot citizenship. Special majority <common state> law shall regulate eligibility for Cypriot citizenship.
2. All Cypriot citizens shall also enjoy internal <component state> citizenship status. Like the citizenship status of the European Union, this status shall complement and not replace Cypriot citizenship. A <component state> may tie the exercise of political rights at its level to its internal <component state> citizenship status, and may limit the establishment of residence for persons not holding this status in accordance with this Agreement. Such limitations shall be permissible if the number of residents hailing from the other <component state> has reached 1% of the population in the first year and 20% in the twentieth year, rising by 3% every three years in the intervening period. Thereafter, any limitations shall be permissible only if one third of the population hails from the other <component state>.
3. **Political rights at the <common state> level shall be exercised based on internal <component state> citizenship status.** A <component state> may tie the exercise of political rights at its level to its internal <component state> citizenship status.
4. **During the first four years after entry into force of this Agreement, a <component state> may establish a moratorium on the establishment of residence for persons not holding the internal <component state> citizenship status of the relevant <component state>. Thereafter, pursuant to Constitutional Law, a <component state> may limit the establishment of residence for persons not holding its internal <component state> citizenship status, if the number of residents hailing from the other <component state> has reached 8% of the population of a village or municipality between the 5th and 9th years and 18% between the 10th and 15th years. Thereafter, any limitations shall be permissible only if 28% of the population of the relevant <component state> hails from the other <component state>. No later than 25 years after entry into force of this Agreement, the <common state> and the <component states> shall review the relevant Constitutional Law in light of experience.**

Article 4 *Fundamental rights and liberties*

1. Respect for human rights and fundamental freedoms shall be enshrined in the Constitution. There shall be no discrimination against any person on the basis of his or her gender, ethnic or religious identity, or internal <component state> citizenship status. Freedom of movement and freedom of residence may be limited only where expressly provided for in this Agreement.
2. Greek Cypriots and Turkish Cypriots living in specified villages in the other <component state> shall enjoy cultural and educational rights and shall be represented in the <component state> legislature.
3. The rights of religious and other minorities, including the Maronite, the Latin and the Armenian, shall be safeguarded in accordance with international standards, and shall include cultural and educational rights as well as representation in <common state> and <component state> legislatures.

Article 5 *The <common state> government*

1. The <common state> Parliament composed of two chambers, the Senate and the Chamber of Deputies, shall exercise the legislative power:
 - a. Each Chamber shall have 48 members. The Senate shall be composed of an equal number of Senators from each <component state>. The Chamber of Deputies shall be composed in proportion to ~~population~~ **persons holding internal <component state> citizenship status of each <component state>**, provided that each <component state> shall be attributed no less than one quarter of seats.
 - b. Decisions of Parliament shall require the approval of both Chambers by simple majority, including one quarter of voting Senators from each <component state>. For specified matters, a special majority of two-fifths of sitting Senators from each <component state> shall be required.
2. The Office of Head of State is vested in the Presidential Council, which shall exercise the executive power:
 - a. The Presidential Council shall comprise six members elected on a single list by special majority in the Senate and approved by majority in the Chamber of Deputies. The composition of the Presidential Council shall be proportional to the ~~population of the two~~ **number of persons holding the internal <component state> citizenship status of each <component states>**, though no less than one-third of the members of the Council must come from each <component state>.
 - b. The Presidential Council shall strive to reach decisions by consensus. Where it fails to reach consensus, it shall, unless otherwise specified, take decisions by simple majority of members

voting, provided this comprises at least one member from each <component state>.

- c. The members of the Council shall be equal and each member shall head a department. The heads of the Departments of Foreign Affairs and European Union Affairs shall not come from the same <component state>.
 - d. The offices of President and Vice-President of the Council shall rotate every ten calendar months among members of the Council. No more than two consecutive Presidents may come from the same <component state>. The President, and in his absence or temporary incapacity, the Vice-President, shall represent the Council as Head of State and Head of Government. The President and Vice-President shall not enjoy a casting vote or otherwise increased powers within the Council.
 - e. The [executive heads]⁷ of the <component states> shall be invited to participate without a vote in all meetings of the Council in the first ten years after entry into force of the Agreement, and thereafter on a periodical basis.
3. The Central Bank of Cyprus, the Office of the Attorney-General and the Office of the ~~Accountant~~ **Auditor**-General shall be independent.

Article 6 *The Supreme Court*

1. The Supreme Court shall uphold the Constitution and ensure its full respect.
2. It shall be composed of nine judges, three from each <component state> and three non-Cypriots.
3. The Supreme Court shall, *inter alia*, resolve disputes between the <component states> or between one or both of them and the <common state>, and resolve on an interim basis deadlocks within the institutions of the <common state> if this is indispensable to the proper functioning of the <common state>.

Article 7 *Transitional <common state> institutions*

1. The <common state> institutions shall evolve during transitional periods, after which these institutions shall operate as described above.
2. Upon entry into force of this Agreement, the leaders of the two sides shall become Co-Presidents of Cyprus for ~~three years~~. **Thirty calendar months. Each Co-President shall be confirmed by their respective <component state> legislature, which may instead elect another person as Co-President, and which shall elect a replacement**

⁷ **Observation:** Terminology to be adjusted when the governmental structures of the <component states> are decided.

should the office of Co-President fall vacant. The Co-Presidents shall exercise the executive power during the first year, assisted by a Council of Ministers **which** they shall appoint. For the following two years, the executive power shall be exercised by a Council of Ministers elected by Parliament, and the Co-Presidents shall together hold the office of Head of State.

3. <component state> legislatures to be elected within 40 days of entry into force of this Agreement shall each nominate 24 delegates (reflecting the political composition of their legislature) to a transitional <common state> Parliament to operate for one year.
4. A transitional Supreme Court shall ~~be appointed by the Co-Presidents for one year~~ **assume its functions upon entry into force of this Agreement.**

Article 8 Demilitarization

1. Bearing in mind that:
 - a. The Treaty of Guarantee, in applying *mutatis mutandis* to the new state of affairs established in this Agreement and the Constitution of Cyprus, shall cover, in addition to the independence, territorial integrity, security and constitutional order of Cyprus, the territorial integrity, security and constitutional order of the <component states>;
 - b. The Treaty of Alliance shall permit Greek and Turkish contingents, each not exceeding [~~insert 4 digit figure~~ **insert figure between 2,500 and 7,500 prior to the signature of the Comprehensive Settlement**] all ranks, to be stationed under the Treaty of Alliance in the Greek Cypriot <component state> and the Turkish Cypriot <component state> respectively;
 - c. Greek and Turkish forces and armaments shall be redeployed to agreed locations and adjusted to agreed levels, and any forces and armaments in excess of agreed levels shall be withdrawn;
 - d. There shall be a United Nations peacekeeping operation to monitor the implementation of this Agreement and use its best efforts to promote compliance with it and contribute to the maintenance of a secure environment, to remain as long as the government of the <common state>, with the concurrence of both <component states>, does not decide otherwise;
 - e. The supply of arms to Cyprus shall be prohibited in a manner that is legally binding on both importers and exporters; and
 - f. A Monitoring Committee composed of the guarantor powers, the <common state>, and the <component states>, and chaired by the United Nations, shall monitor the implementation of this Agreement, Cyprus shall be demilitarized, and all Greek Cypriot and Turkish Cypriot forces, including reserve units, shall be dissolved, and their arms removed from the island, in phases synchronized with the redeployment and adjustment of Greek and Turkish forces.

2. There shall be no paramilitary or reserve forces or military or paramilitary training of citizens. All weapons except licensed sporting guns shall be prohibited.
3. Neither <component state> shall tolerate violence or incitement of violence against the <common state>, the <component states>, or the guarantor powers.
4. Cyprus shall not put its territory at the disposal of international military operations other than with the consent of Greece and Turkey **or the consent of both <component states>**.
5. **These provisions do not prejudice the provisions of the Treaty of Establishment, the Treaty of Guarantee, the Treaty of Alliance, the mandate of a United Nations peacekeeping operation and the provisions of the Constitution on <common state> and <component state> police and the Joint Investigation Agency.**

Article 9 <component state> boundaries and territorial adjustment

1. The territorial boundaries of the <component states> shall be as depicted in the map which forms part of this Agreement.
2. Areas subject to territorial adjustment which are legally part of the Greek Cypriot <component state> upon entry into force of this Agreement, shall be administered during an interim period no longer than three years by the Turkish Cypriot <component state>. Administration shall be transferred under the supervision of the United Nations to the Greek Cypriot <component state> in agreed phases, beginning 90 days after entry into force of this Agreement with the transfer of administration of largely uninhabited areas contiguous with the remainder of the Greek Cypriot <component state>.
3. Special arrangements shall safeguard the rights and interests of current inhabitants of areas subject to territorial adjustment, and provide for orderly relocation to adequate alternative accommodation in appropriate locations where adequate livelihoods may be earned.

Article 10 Property

1. Claims by property owners dispossessed by events prior to entry into force of this Agreement shall be resolved in a comprehensive manner in accordance with international law, respect for the individual rights of dispossessed owners and current users, and the principle of bi-zonality.
2. In areas subject to territorial adjustment, properties shall be reinstated to dispossessed owners.

3. In areas not subject to territorial adjustment, the arrangements for the exercise of property rights, by way of reinstatement or compensation, shall have the following basic features:
 - a. Dispossessed owners who opt for compensation or whose properties are not reinstated under the property arrangements shall receive full and effective compensation on the basis of value at the time of dispossession ~~plus inflation~~ **adjusted to reflect appreciation of property values in comparable locations**;
 - b. Current users, being persons who have possession of properties of dispossessed owners as a result of an administrative decision, may apply for and shall receive title if they agree in exchange to renounce their title to a property, of similar value and in the other <component state>, of which they were dispossessed;
 - c. ~~Current users~~ **Persons** may also apply for and shall receive title to properties which have been significantly improved provided they pay for value **of the property** in original ~~condition~~ **state**;
 - d. There shall be incentives for owners to sell, lease or exchange properties to current users or other persons from the <component state> in which a property is located;
 - e. Properties not covered by the above shall be reinstated five years after entry into force of this Agreement (three years for vacant properties), provided that no more than ~~X%~~ **an agreed percentage** of the area and residences in either <component state> and ~~Y%~~ **an agreed percentage**⁸ in any given municipality or village (other than villages specifically designated in this Agreement) shall be reinstated to owners from the other <component state>; and
 - f. Current users who are Cypriot citizens and are required to vacate property to be reinstated shall not be required to do so until adequate alternative accommodation has been made available.
4. Property claims shall be received and administered by an independent, impartial Property Board, composed of an equal number of members from each <component state>, as well as non-Cypriot members. No direct dealings between individuals shall be necessary.

Article 11 Reconciliation Commission

1. An independent, impartial Reconciliation Commission shall promote understanding, tolerance and mutual respect between Greek Cypriots and Turkish Cypriots.
2. The Commission shall be composed of men and women, ~~in comprising an equal numbers of Greek Cypriots and Turkish Cypriots~~ **from each <component state>**, as well as at least one non-Cypriot member, which the Secretary-General of the United Nations is invited to appoint in consultation with the two sides.

⁸ **Observation:** The figures X and Y shall depend on the agreed map. **Note: These percentages are directly related to the agreed territorial adjustment.**

Article 12 Past acts

1. Any act, whether of a legislative, executive or judicial nature, by any authority [...] **in Cyprus** whatsoever, prior to entry into force of this Agreement, is recognized as valid and, provided it is not inconsistent with or repugnant to any other provision of this Agreement **or international law**, its effect shall continue following entry into force of this Agreement.⁹ No-one shall be able to contest the validity of such acts by reason of what occurred prior to entry into force of this Agreement.
2. Any claims for liability or compensation arising from acts prior to this Agreement shall, insofar as they are not otherwise regulated by the provisions of this Agreement, be dealt with by the <component state> from which the claimant hails.

Article 13 Entry into force and implementation

1. This Agreement shall ~~come~~ **enter** into ~~being~~ **force** at 00:00 hours on the day following confirmed approval by each side at separate simultaneous referenda conducted in accordance with the Agreement.
2. Upon entry into force of this Agreement, there shall be ceremonies throughout the island at which all flags other than those prescribed in the Constitution are lowered, the flags of Cyprus and of the <component states> raised in accordance with the Constitution and relevant legislation, and the anthems of Cyprus and of the <component states> played.
3. Upon entry into force of this Agreement, the Co-Presidents shall inform the United Nations that henceforth the membership rights and obligations of Cyprus in the United Nations shall be exercised in accordance with the new state of affairs. The agreed flag of Cyprus shall be raised at United Nations Headquarters.
4. This Agreement shall be implemented in accordance with the binding timeframes laid down in the various parts of the Agreement and reflected in the calendar of implementation.

⁹ **Observation: Matters of citizenship, immigration, and properties affected by events since 1963 are dealt with in a comprehensive way by this Agreement; any validity of acts prior to entry into force of this Agreement regarding these matters shall thus end unless they are in conformity with the relevant provisions of this Agreement.**

Article 14 Annexes

The above main articles are reflected in detailed legal language in the Annexes which form an integral part of this Agreement.

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GENERAL PROVISIONS PART I: BASIC ARTICLES

Article 1 The State of Cyprus

1. Cyprus is an independent and sovereign state with a single international legal personality and a <common state> government and consists of a Greek Cypriot <component state> and a Turkish Cypriot <component state>.
2. The independence, territorial integrity, security, and constitutional order of Cyprus shall be safeguarded and respected by all.
3. Union of Cyprus in whole or in part with any other country, any form of partition or secession, and any other unilateral change to the state of affairs established by the Foundation Agreement and this Constitution shall be is prohibited.
- ~~4. The flag of Cyprus shall be [insert description of agreed flag], as attached to this Constitution. The flag of Cyprus shall be flown alone or together with the flag of the European Union on <common state> government buildings.~~
- ~~5. The anthem of Cyprus shall be [insert name of agreed anthem], as attached to this Constitution.~~
4. Cyprus shall be organised under this Constitution in accordance with the basic principles of rule of law, democracy, representative republican government, political equality of Greek Cypriots and Turkish Cypriots, bi-zonality and the equal status of the <component states>.

Article 2 The <component states>

1. The <component states> are of equal status. Each <component state> exercises its authority within the limits of this Constitution and its territorial boundaries as set out in the attachment to this Constitution.
2. The identity, territorial integrity, security and constitutional order of the <component states> shall be safeguarded and respected by all.
3. The <component states> shall organize themselves freely within the limits of this Constitution and in conformity with the basic principles of rule of law, democracy, and representative republican government under their own Constitutions.
- ~~4. The <component states> shall have their own anthems and flags. The <component state> flag shall be flown on <component state> government buildings, along with and in the same manner as the flag of Cyprus and, if <component state> law so provides, that of the European Union. No other flags shall be flown on <component state> government buildings or public property.~~
- ~~5. Each <component state> shall determine and observe its own holidays in addition to those of the <common state>.~~

Part II: GENERAL PROVISIONS

Article 3 Constitution as supreme law

1. This Constitution, having been democratically adopted by the Greek Cypriots and the Turkish Cypriots through their separately expressed common will, is the supreme law of the land and is binding on all

authorities of the <common state> and the <component states>. Any act by the <common state> or either <component state> in contravention of this Constitution shall be null and void.

2. The <common state> shall fully respect and not infringe upon the powers and functions of the <component states> under this Constitution. Each <component state> shall fully respect and not infringe upon the powers and functions of the <common state> or the other <component state> under this Constitution. There shall be no hierarchy between the laws of the <common state> and those of the <component states>.¹⁰
3. The Supreme Court shall uphold this Constitution and ensure its full respect by the organs of the <common state> and the <component states>.

Article 4 *Rule of law*

1. The law is the basis of and limitation for all acts of government at all levels.
2. All acts of government at all levels shall conform with the principles of public interest, proportionality and good faith.
3. The <common state> as well as the <component states> shall respect international law, including all treaties binding upon Cyprus, which shall be considered an integral part of this Constitution.

Article 5 *Secular nature of Cyprus and its <component states>*

1. The State of Cyprus and its <component states> are secular.
2. Religious functionaries shall not hold elected or appointed political or public office.

Article 6 *Demilitarisation of <common state> and <component states>*

1. The <common state> and the <component states> shall be demilitarized. There shall be no paramilitary or reserve forces or military or paramilitary training of citizens.
2. Cyprus shall not put its territory at the disposal of international military operations other than with the consent of Greece and Turkey **or the consent of the governments of both <component states>**.
3. All weapons, except licensed sporting guns, shall be prohibited.

¹⁰ **Observation:** This Constitution gives the Supreme Court power to determine the validity of any law.

4. Neither <component state> shall tolerate violence or the incitement of violence against the <common state>, the <component states>, or the guarantor powers by persons, groups or organisations operating within its boundaries.
5. The provisions of this Article are without prejudice to the provisions of the Treaty of Establishment, the Treaty of Guarantee, the Treaty of Alliance, the mandate of a UN peacekeeping operation in Cyprus and the provisions of this Constitution on <common state> and <component state> police and the Joint Investigation Agency.

Article 7 *Flags and anthems*

1. **The flag of Cyprus shall be [insert description of agreed flag], as attached to this Constitution. The flag of Cyprus shall be flown alone or together with the flag of the European Union on <common state> government buildings.**
2. **The anthem of Cyprus shall be [insert name of agreed anthem], as attached to this Constitution.**
3. **The <component states> shall have their own anthems and flags. The <component state> flag shall be flown on <component state> government buildings, along with and in the same manner as the flag of Cyprus and, if <component state> law so provides, that of the European Union. No other flags shall be flown on <component state> government buildings or public property.**

Article 8 *The official languages and promulgation of official acts*

1. The official languages of the <common state> are Greek and Turkish. The use of English for official purposes shall be regulated by law.
2. Legislative, executive, administrative and judicial acts and documents of the <common state> shall be drawn up in all official languages and shall, unless otherwise provided, be promulgated by publication in the official Gazette of Cyprus in all official languages.
3. All persons shall have the right to address the authorities of the <common state> in any of the official languages and to be addressed in that same language.
4. The official languages of the <common state> shall be taught mandatorily to all secondary school students.

Article 9 Official Holidays of the <common state>

1. The National Holiday of Cyprus shall be the day of the referenda on the Foundation Agreement.
2. In addition to Sundays, the following official holidays shall be observed throughout Cyprus:
 - a. 1 January (New Year's Day);
 - b. 1 May (Labour Day);
 - c. 25 December (Christmas);
 - d. Good Friday;
 - e. Easter Monday;
 - f. The first day of Ramadan/Sheker Bayram;
 - g. The first day of Kurban Bayram; and
 - h. The birthday of the Prophet Mohammed.
3. **Each <component state> shall determine and observe its own holidays in addition to those of the <common state>.**
4. Public servants of the <common state> shall be entitled to observe, in addition to the above, the official holidays of either one <component state> or the other.

Part I: FUNDAMENTAL RIGHTS AND LIBERTIES

Article 10 Fundamental Rights

1. In accordance with Article 4(3) of this Constitution, the European Convention on the Protection of Human Rights and Fundamental Freedoms and its Additional Protocols which are in force for Cyprus and the United Nations Covenant on Civil and Political Rights shall be an integral part of this Constitution.
2. There shall be no discrimination against any person on the basis of his or her gender, ethnic or religious identity, or internal <component state> citizenship status.
3. There shall be freedom of movement and freedom of residence throughout Cyprus, except as otherwise expressly provided in this Constitution or any other parts of the Foundation Agreement or a Constitutional Law.
4. The rights of religious and other minorities, including the Maronite, the Latin and the Armenian, shall be safeguarded. The <common state> and the <component states> shall, within their respective spheres of

competence, afford minorities the status and rights foreseen in the European Framework Convention for the Protection of National

Minorities, in particular the right to administer their own cultural and educational affairs and to be represented in the legislature.

5. Greek Cypriots residing in the Karpas villages of Rizokarpaso/Dipkarpaz, Agialousa/Yeni Erenköy, Agia Trias/Sipahi, Melanarga/Adacay, and Maronites residing in the villages of Agia Marina/Gürpınar, Asomatos/Özhan, Karpasha/Karpaşa and Kormakiti/Koruçam, and Turkish Cypriots residing in the Tillyria villages of Amadhies/Günebakan, Limnitis/Yeşilyirmak, Selemani/Suleymanıye, Xerovounos/Kurutepe and Agios Georgios/Madenliköy, as well as the Mesaoria villages of Pyla and [insert other villages with more than 20% Turkish Cypriots in 1960 should they fall within the area of territorial adjustment] shall, within the <component states> in which these villages are situated, enjoy the right to administer their own cultural and educational affairs and to be represented in the <component state> legislature.¹¹

Article 11 Citizenship

1. There is a single Cypriot citizenship.
2. All persons holding Cypriot citizenship shall also enjoy internal <component state> citizenship status as provided for by Constitutional Law. Such status, like the European Union citizenship status, is complementary to and does not replace Cypriot citizenship.
3. Where any provision of this Constitution or of the Foundation Agreement refers to the <component state> origins of a person (or where a person hails from), the criterion shall be the holding of internal <component state> citizenship status. ~~Persons holding the internal <component state> citizenship status of both <component states> shall be considered to be from the <component state> in which they reside or last resided.~~
No one may hold the internal <component state> citizenship status of both <component states>.

Article 12 Exercise of political rights

Cypriot citizens who are at least 18 years old shall enjoy political rights at the <common state> level and exercise them ~~at their place of legal residency.~~
Based on their internal <component state> citizenship status.

¹¹ **Observation:** The list of villages shall be adapted once a map has been agreed.

Part II: PART IV: THE <COMMON STATE> AND THE <COMPONENT STATES>

Article 13 Competences and functions of the <common state>

1. The <common state> shall, in accordance with this Constitution, sovereignly exercise legislative and executive competences in the following matters:
 - a. External relations, including conclusion of international treaties and defence policy;¹²
 - b. Relations with the European Union;
 - c. Central Bank functions, including issuance of currency, monetary policy and banking regulations;
 - d. <common state> finances, including budget and all indirect taxation (including customs and excise), and <common state> economic and trade policy;
 - e. **Natural resources, including water resources;**
 - f. Meteorology, aviation, international navigation and the continental shelf and territorial waters¹³ of Cyprus;
 - g. Communications (including postal, electronic and telecommunications);
 - h. Cypriot citizenship (including issuance of passports) and immigration (including asylum, deportation and extradition of aliens);
 - i. Combating terrorism, drug trafficking, money laundering and organised crime;
 - j. Pardons and amnesties;
 - k. Intellectual property and weights and measures; and
 - l. Antiquities
2. Incidental to the above competences and to other provisions of this Constitution, the <common state> shall exercise legislative and executive competences over <common state> administration (including public service, <common state> police, as well as its independent institutions and officers); <common state> elections and referenda; offences against <common state> laws; administration of justice by the Supreme Court; <common state> property, including public works for

¹² **Reference:** Defence policy must be formulated and exercised in accordance with agreed security arrangements, and the international obligations of Cyprus.

¹³ **Observation:** In conformity with the principle of *eiusdem generis*, this includes all matters regulated by the 1982 United Nations Convention on the Law of the Sea.

<common state> facilities and expropriation; and like matters which are clearly incidental to the specified powers of the <common state>.

3. The <common state> shall, as appropriate, entrust the implementation of its laws including the collection of certain forms of taxes, to <component state> authorities.
4. Obligations of the <common state> under international treaties shall be implemented by the <common state> or <component state> authority which enjoys legislative competence in the subject matter to which the treaty pertains.
5. The <common state> shall confer upon the <component states> a portion of its revenue from indirect taxation as provided for by special majority law.

Article 14 Competences and functions of the <component states>

1. The <component states> shall, within the limits of this Constitution, sovereignly exercise within their territorial boundaries all competences and functions not vested by this Constitution in the <common state>.¹⁴
2. The <component states> shall have primary criminal jurisdiction over offences against <common state> laws, unless such jurisdiction is reserved for the Supreme Court of Cyprus by <common state> legislation.
3. The police of a <component state> shall be stationed and operate exclusively within that <component state> and shall be responsible for the protection and enforcement of law and order and public safety within that <component state>, including offences against <common state> laws, without prejudice to the functions of the <common state> police and the Joint Investigation Agency. A Constitutional Law shall regulate the strength and equipment of <component state> police and a Cooperation Agreement between the <common state> and the <component states> shall provide for cooperation on police matters.

Article 15 Cooperation and coordination

1. Where expressly provided for in this Constitution, legislative matters may be regulated in a manner binding upon the <common state> and the <component states>, through Constitutional Laws. Such laws shall be approved by the legislatures of the <common state> and the

¹⁴ **Observation:** These include security, law and order and the administration of justice within their territorial boundaries.

<component states> in accordance with procedures set down in a Constitutional Law and shall have precedence over any other <common state> ~~of~~ **or**<component state> laws.

2. The <component states> may conclude agreements with each other or with the <common state>. Such agreements may create common organizations and institutions on matters within the competence of the parties.
3. The <component states> shall strive to coordinate or harmonize their policy and legislation, including through agreements, common standards and consultations wherever appropriate, in particular on the following matters:
 - a. Tourism;
 - b. Protection of the environment and use and conservation of energy and natural resources, including water;
 - c. Fisheries and agriculture;
 - d. Industry and commerce, including insurance, consumer protection, professions and professional associations;
 - e. Zoning and planning, including for overland transport;
 - f. Sports and education;
 - g. Health, including regulation of tobacco, alcohol and drugs, and veterinary matters;
 - h. Social security and labour;
 - i. Family, company and criminal law; and
 - j. Acceptance of validity of documents.
4. Either <component state> or any branch of the <common state> government may initiate the coordination or harmonization process.
5. Agreements on such coordination or harmonization shall be approved by the competent branch of the <component state> governments and, if <common state> participation is required, by the competent branch of the <common state>.
6. The <common state> shall support, both financially and logistically, cooperative endeavours between the <component states> or between municipalities and villages located in different <component states>.
7. The <common states> and the <component states> shall accept **as** valid documents issued by government authorities and educational, medical and other public service institutions.

Article 16 *Joint Investigation Agency*

There shall be a Joint Investigation Agency, comprising <common state> and <component state> police personnel and reporting to the Attorney-General. Its composition and functions, as well as the strength and equipment of the

<common state> and <component state> police, shall be regulated by Constitutional Law.

Article 17 *External relations*

1. Cyprus shall maintain special ties of friendship with Greece and Turkey, respecting the balance established by the Treaty of Guarantee and the Treaty of Alliance and the Foundation Agreement.
2. The <component states> shall be consulted on <common state> decisions on external relations that affect their competences.
3. The <component states> may appoint representatives on commercial and cultural matters, who shall be accredited as part of diplomatic missions of Cyprus.
4. The <component states> may also conclude agreements on commercial and cultural matters with authorities of States that have relations with Cyprus, provided that such agreements do not cause prejudice to Cyprus, the authority of the <common state> government, or the other <component state>, and are compatible with the European Union membership of Cyprus.
5. In the exercise of the powers conferred by paragraphs 3 and 4 of this Article, the following procedures shall be observed:
 - a. The <component states> shall use the channel of the <common state> ministry of foreign affairs for contacts at a political level with foreign governments; and
 - b. The <component states> may have direct contacts with sub-entities or subordinate authorities of other states. In this case they shall inform the <common state> ministry of foreign affairs upon starting negotiations on any agreement with such authorities and continue to advise on the progress and outcome of such negotiations.
6. A Cooperation Agreement between the <common state> and the <component states> on external relations shall regulate the implementation of this Article.

Article 18 *Cyprus as a member of the European Union*

1. Cyprus shall be a member of the European Union.
2. The governments of the <component states> shall participate in the formulation of the policy of Cyprus in the European Union.

3. Cyprus shall be represented in the European Union by the <common state> government in its areas of competence or where a matter predominantly concerns an area of its competence. Where a matter falls predominantly or exclusively into an area of competence of the <component states>, Cyprus may be represented either by a <common state> or a <component state> representative, provided the latter is able to commit Cyprus.
4. Obligations of Cyprus arising out of European Union membership shall be implemented by the <common state> or <component state> authority which enjoys legislative competence for the subject matter to which an obligation pertains.¹⁵ **Where the *acquis communautaire* prescribes the creation of single national administrative structures, such structures and the necessary regulations will be established at <common state> level. The establishment of other administrative structures necessary for the implementation of the *acquis communautaire* will be decided on the basis of efficiency requirements.**
5. If a <component state> fails to fulfil obligations of Cyprus vis-à-vis the European Union within its area of competence and Cyprus may be held responsible by the Union, the <common state> shall, after notification of no less than 90 days **(or a shorter period of indispensable according to European Union requirements)**, take necessary measures in lieu of the defaulting <component state>, to be in force until such time as that <component state> discharges its responsibilities.
6. Paragraphs 2-5 of this Article shall be the subject of a Cooperation Agreement between the <common state> and the <component states>.
7. Amendments to the treaties on which the European Union is founded or acts of accession of any applicant states to the European Union which require ratification by all member states of the European Union, shall be ratified by Cyprus unless this is opposed by each of the legislatures of the <common state> and the <component states>. The President or the Vice-President of the Presidential Council shall be entitled to sign the respective instrument of ratification and thereby bind Cyprus.
8. No provision of this Constitution shall invalidate laws, acts or measures by the <common state> or the <component states> required by the obligations of European Union membership, or prevent laws, acts or measures by the European Union, or institutions thereof, from having the force of law throughout Cyprus.

PART V: <COMMON STATE> INSTITUTIONS

¹⁵ **Observation: Penalties, fines or damages imposed by European Union Courts shall be borne by the <common state> or the relevant <component state> which fails to implement an obligation within its sphere of competence.**

Article 19 Eligibility and incompatibility and discharge of duties

1. Unless otherwise provided by this Constitution or law, a person shall be qualified to be elected or appointed to serve in the <common state> institutions if he or she is a citizen of Cyprus and has reached the age of 18.
2. Unless otherwise provided by this Constitution or law, no person may be a member of more than one branch of the <common state> government or the <common state> government and a <component state> government.
3. Persons elected to or appointed to serve in the <common state> institutions shall act in the best interests of the <common state>.

Article 20 <common state> immunities and exemptions

1. Members of Parliament, the Presidential Council, the Supreme Court and the Board of the Central Bank of Cyprus, as well as the Independent Officers, shall enjoy immunity from arrest or judicial prosecution unless <common state> law provides otherwise.
2. <common state> property used for official purposes shall be exempt from the application of <component state> legislation, including taxation. Such property shall be under the direct and sole authority of the <common state>. The <component states> shall assist the <common state> police in assuring the safety of <common state> property located within their territorial boundaries.

Section A: The Legislature

Article 21 Composition and election of Parliament

1. The <common state> Parliament shall be composed of two Chambers: the Senate and the Chamber of Deputies.
2. Each Chamber shall have 48 members, elected for five years on the basis of proportional representation. The <component states> shall serve as electoral precincts unless special majority law provides otherwise, in which case each precinct may have no less than ten seats.
3. The Senate shall be composed of an equal number of senators from each <component state>. The people of each <component state> shall elect, on a proportional basis, 24 members of the Senate.
4. The Chamber of Deputies shall be composed of deputies from both <component states>, with seats attributed on the basis of the number of registered residents in **persons holding internal <component state> citizenship status of** each <component state>; provided that each

<component state> shall be attributed a minimum of one quarter of the seats. ~~A deputy may not at the same time be a member of either <component state> legislature.~~

5. The Maronite, Latin and Armenian minorities shall each be represented by no less than one deputy. Members of such minorities shall be entitled to vote for the election of such deputies irrespective of their place of residency in Cyprus. Such deputies shall be counted against the quota of the <component state> where the majority of the members of the respective minority reside.

Article 22 Organisation

1. The law shall regulate the time and duration of the ordinary sessions of the <common state> Parliament. At any time, the Presidential Council or one quarter of sitting members of either Chamber may convene Parliament for an extraordinary session.
2. Each Chamber shall elect a President and two Vice-Presidents, one from each <component state>, for a period of one year. The Presidents of the two Chambers shall not come from the same <component state>. The Vice President who does not come from the same <component state> as the President of the relevant Chamber shall be the First Vice-President of that Chamber.
3. Each Chamber shall organise its own committees in accordance with the law.
4. Each Chamber shall require the presence of a majority of sitting members in order to take decisions.
5. The law shall regulate the obligation of members of Parliament to attend meetings and the consequences of failure to do so without authorization.

Article 23 Powers

1. Parliament shall legislate and take decisions.
2. Parliament shall approve international treaties for ratification, except where it has delegated that power to the Presidential Council.
3. Parliament shall elect and oversee the functioning of the Presidential Council.
4. Parliament may by special majority ~~impeach~~ **refer to the Supreme Court allegations of impeachment regarding** members of the Presidential Council and of organs of the independent institutions, and independent officers, for grave violations of their duties or serious crimes.
5. Parliament shall adopt the <common state> budget.

Article 24 Procedure

1. Unless otherwise specified, decisions of Parliament need the approval of both Chambers with simple majority of members present and voting, including one quarter of senators present and voting from each <component state>.
2. A special majority comprising at least two fifths of sitting senators from each <component state>, in addition to a simple majority of deputies present and voting, shall be required for:
 - a. Ratification of international agreements on matters which fall within the legislative competence of the <component states>;¹⁶
 - b. Ratification of treaties and adoption of laws and regulations concerning the airspace, continental shelf and territorial waters of Cyprus;
 - c. Adoption of laws and regulations concerning citizenship, immigration, **water resources** and taxation;
 - d. Approval of the <common state> budget;
 - e. Election of the Presidential Council; and
 - f. Other matters which specifically require special majority approval pursuant to other provisions of this Constitution.
3. The law shall provide for a conciliation mechanism between the Chambers of Parliament.

Section B: The Executive

Article 25 The Presidential Council

1. The Office of Head of State is vested in a six-member Presidential Council, which shall exercise the executive power.
2. The members of the Presidential Council shall be elected by Parliament for a fixed five-year term on a single list by special majority.
3. Members of the Presidential Council shall not hold any other public office or private position.
4. The members of the Presidential Council shall continue to exercise their functions after expiry of their term in office until a new Council has been elected.
5. In the event of a vacancy in the Council, a replacement shall be elected by Parliament by special majority for the remainder of the term of office.¹⁷

¹⁶ **Reference:** This is without prejudice to the special rules defined in Article 17(7) regarding ratification of European Union acts that require unanimity of European Union member states.

6. The composition of the Presidential Council shall be proportional to the ~~population of the two <component states>~~ **numbers of persons holding the internal <component state> citizenship status of each <component state>**, though at least two members must hail from each <component state>.
7. The Presidential Council shall strive to reach all decisions by consensus. Where it fails to reach consensus, it shall make decisions by simple majority of members voting unless otherwise stated in this Constitution. Such majority must in all cases comprise at least one member from each <component state>.
8. The members of the Presidential Council shall be equal. Any member of the Council shall be able to place an item on the agenda of the Council.
9. The Presidential Council may, where appropriate, invite the [executive heads]¹⁸ of the <component states> to participate without a vote in its meetings.
10. **The Presidential Council shall suggest candidates or appoint members for European Union and international bodies, including the European Commission, the European Human Rights Court in Strasbourg, the European Court of the Communities in Luxemburg and the European Court of First Instance.**

Article 26 *The President and the Vice-President of the Council*

1. The President and Vice-President of the Council shall not hail from the same <component state>.
2. The offices of the President and Vice-President of the Council shall rotate every ten calendar months among members of the Council on the basis of time spent on the Council since last serving in either office and with no more than two consecutive Presidents to come from the same <component state>. Among members of the Council who have spent equal time on the Council without having served as President or Vice-President, a lot shall be drawn, unless the members concerned agree to an order of precedence.
3. The Vice-President of the Council shall assume the duties of the President in the absence or temporary incapacity of the President.
4. The President of the Council shall convene and chair the meetings of the Presidential Council.
5. Neither the President nor the Vice President of the Council shall have a casting vote.

¹⁷ **Observation: The parties may wish to agree to more detailed rules during the finalisation period.**

¹⁸ **Observation:** Terminology to be adjusted when the governmental structures of the <component states> are decided.

Article 27 *The Departments*

1. Each member of the Presidential Council shall head a department.
2. Departments shall be attributed by decision of the Council. Where the Council is unable to reach a decision, departments shall be attributed on the basis of time spent on the Council; among members who have spent equal time, a lot shall be drawn.
3. The heads of the Departments of Foreign Affairs and European Union Affairs shall not hail from the same <component state>.
4. The heads of department shall prepare and execute decisions of the Presidential Council.

Article 28 *Representation of the Presidential Council*

1. The President of the Council shall represent the Presidential Council as Head of State.
2. In representing the Presidential Council as Head of State, the President shall attend official functions, sign and receive credentials of diplomatic envoys, and confer the honours of Cyprus.
3. The President of the Council shall represent Cyprus at meetings of heads of government, unless the Presidential Council, deciding with separate majorities of members from each <component state>, designates another member.
4. The heads of the relevant Departments/Secretariats/Ministries shall represent Cyprus at meetings of government ministers unless otherwise provided for by law or by agreement between the <common state> and the <component states>.
5. Where an international meeting is likely to address vital interests of a <component state>, and the Council representative to that meeting hails from the other <component state>, the Council shall, upon special request of a majority of Council members from the interested <component state>, appoint a member from that <component state> to accompany the Council representative, provided delegations to such meetings may comprise more than one person.
6. Any representative of Cyprus at international meetings shall be bound by decisions of the Presidential Council. Where the Council has appointed one of its members to accompany its representative in accordance with paragraph 5 of this Article, the representative of Cyprus shall exercise any discretion in concord with such member.

Article 29 *The administration of the <common state>*

1. A Public Service Commission composed of men and women hailing in equal numbers from each <component state> shall have authority to appoint and promote <common state> public servants. It shall take its decisions in accordance with the law.
2. The composition of the public service shall, where not otherwise specified in this Constitution or special majority law, be proportional to the population of the <component states>, though at least one-third of the public servants at every level of the administration must hail from each <component state>.
3. A public servant of the <common state> may not simultaneously serve as a public servant of a <component state>.

Article 30 *The <common state> police*

The <common state> shall have a police composed of an equal number of personnel hailing from each <component state>. The <common state> police shall control Cyprus' border and protect <common state> officials, buildings and property, as well as foreign dignitaries and diplomatic missions.

Section C: Independent Officers and Institutions

Article 31 *Central Bank of Cyprus*

1. The Central Bank of Cyprus shall be independent and operate in accordance with European Union requirements.¹⁹
2. It shall issue currency, determine monetary policy and the prime lending rate, and regulate and supervise the banking sector.
3. The Central Bank shall be governed by a Board of three members, one of whom shall be the Governor. At least one member shall hail from each <component state>; the third member may be a non-Cypriot.
4. The Governor and the other two members of Board shall be appointed by the Presidential Council for a term of seven years.
5. The law may provide for the establishment of branches of the Central Bank in each <component state>, and for inclusion of branch directors in the Board of the Central Bank.
6. All decisions of the Board of the Central Bank shall be taken by simple majority.

¹⁹ **Observation: This includes provisions relating to the European Monetary Union.**

Article 32 *Other independent officers*

1. The Attorney-General and the Deputy Attorney-General and the Auditor-General and the Deputy Auditor-General shall be appointed by the Presidential Council for a non renewable term of office of nine years but no longer than until their 75th birthday.
2. The Attorney-General and the Auditor-General shall not hail from the same <component state> nor shall the Attorney-General and the Deputy Attorney-General or the Auditor General and the Deputy-Auditor General.

Article 33 *The office of the Attorney-General and the Deputy Attorney-General*

[insert article]

Article 34 *The office of the Auditor-General and the Deputy Auditor-General*

[insert article]

Section D: The Judiciary

Article 35 *The Supreme Court of Cyprus*

1. The Supreme Court of Cyprus shall count an equal number of judges from each <component state> among its members. The Presidential Council shall appoint the judges, for a renewable term of office of seven years, in accordance with criteria and procedures stipulated in a special majority law which shall also fix the number of judges.
2. The Supreme Court shall have exclusive jurisdiction over disputes between the <component states> and between one or both <component states> and the <common state> **and between organs of the <common state>**.
3. The Supreme Court shall have exclusive jurisdiction to determine the validity of any <common state> or <component state> law under this Constitution or any question that may arise from the precedence of Constitutional laws. Upon request of <component state> courts or other <common state> or <component state> authorities it may do so in the form of a binding opinion.
4. The Supreme Court shall be the appeals court in all other disputes on matters which involve the interpretation of the Foundation Agreement,

this Constitution, <common state> laws (including administrative decisions of the <common state>), or treaties binding upon Cyprus.²⁰

5. The Supreme Court shall have primary ~~criminal~~ jurisdiction over ~~offences~~ **against violations of** <common state> law where provided by <common state> legislation.
6. If a deadlock arises in one of the institutions of the <common state> preventing the taking of a decision without which the <common state> or its institutions could not properly function, or the absence of which would result in a substantial default on the obligations of Cyprus as a member of the European Union, the Supreme Court may, upon application of a member of the Presidential Council, the President or Vice-President of either Chamber of Parliament, or the Attorney-General or the Deputy Attorney-General, take an ad interim decision on the matter, to remain in force until such time as a decision on the matter is taken by the institution in question. In so acting, the Supreme Court shall exercise appropriate restraint.
7. The Supreme Court shall decide on the organization of its work. If it chooses to divide itself into Chambers for the treatment of certain cases, such Chambers shall always include an equal number of judges from each <component state>.
8. The Supreme Court shall strive to reach its decisions by consensus and issue joint judgments of the Court. However, all decisions of the Supreme Court may be taken by simple majority.

Part III: AMENDMENTS OF THIS CONSTITUTION

Article 36 Amendments of this Constitution

1. Amendments of this Constitution, including the attachments which are an integral part of it, shall be considered and adopted by the <common state> legislature after consultation with the governments of the <component states> and interested sectors of society.
2. **The Basic Articles of this Constitution cannot be amended.**
3. After adoption by both Chambers of Parliament, proposed amendments shall be submitted to referendum for approval by separate majority of the people in each <component state>.
4. Amendments shall enter into force 90 days after their approval, unless the amendment otherwise provides.

²⁰ **Observation:** this includes the **1950 European Convention for the Protection of Human Rights and Fundamental Freedoms and its Additional Protocols in force for Cyprus.**

PART VII: TRANSITIONAL PROVISIONS

Article 37 <component state> institutions

1. No later than 40 days after entry into force of the Foundation Agreement, the <component states> shall elect the members of their legislatures and other popularly elected officials in accordance with the <component state> Constitution and legislation approved in referenda.
2. The newly elected members of the <component state> institutions shall assume office within ten days of their election.

Article 38 Transitional <common state> Parliament

1. Each newly elected <component states> legislature shall, without delay designate from among its membership 24 delegates to the <common state> Parliament. To this effect, each group in a <component state> legislature shall designate as many delegates as corresponds to its proportional strength in the legislature.
2. The transitional parliament shall exercise the constitutional functions and prerogatives of the <common state> Parliament during the first year after entry into force of the Foundation Agreement in accordance with the procedural provisions in this Constitution regarding the Senate.
3. No later than ten calendar months after entry into force of the Foundation Agreement, the senators and deputies shall be elected in accordance with this Constitution. The newly elected Parliament shall assume its functions one year after entry into force of the Foundation Agreement.

Article 39 Transitional <common state> Head of State

1. For a transitional period of ~~three years~~ **thirty calendar months**, the office of the Head of State shall be vested in the Co-Presidency.
2. Upon entry into force of the Foundation Agreement, the leaders who have signed the Comprehensive Settlement on behalf of the Greek Cypriots and the Turkish Cypriots shall become Co-Presidents of Cyprus. ~~In case of resignation or permanent incapacity of either leader, the Assembly of the relevant <component state> shall elect a replacement.~~ **Each <component state> legislature, as soon as it is constituted, shall confirm the Co-President from its <component state> or elect another person to the office.**
3. **In case of resignation or permanent incapacity of either leader, the legislature of the relevant <component state> shall elect a replacement. If such resignation or incapacity occurs before the legislature of the legislature of the relevant <component state> has been elected, the most senior judge**

from that <component state> selected for or appointed to the Supreme Court shall assume the role of Co-Presidents.

4. The Co-Presidents shall alternate every calendar month in representing the Co-Presidency as Head of State.

Article 40 Transitional <common state> government

1. The Co-Presidents shall exercise the executive power during the first year of the transitional period in accordance with the relevant provisions for the Presidential Council. They shall act and decide by consensus.
2. The Co-Presidents shall name six Cypriot citizens to head the departments of the <common state> government during the first year of the transitional period. The heads of departments shall be confirmed by Parliament through simple majority. They shall exercise the functions of the executive, which the Co-Presidents shall delegate to them, in accordance with the procedures provided for in this Constitution for the Presidential Council.
3. One year after entry into force of the Foundation Agreement, the newly elected Parliament shall elect a Council of Ministers composed of six members. The provisions of this Constitution for the Presidential Council shall apply *mutatis mutandis* to the election, functioning and powers (other than those vested in the Head of State) of the Council of Ministers.
4. During a second phase of the transitional period, the Council of Ministers shall act as the Government of the <common state> of Cyprus while the functions of Head of State shall continue to be vested in the Co-Presidency.
5. ~~Three years~~ **Thirty calendar months** after entry into force of the Foundation Agreement, the Council of Ministers shall become the Presidential Council in accordance with the provisions of this Constitution, assuming also the function of Head of State, for a remaining three **and a half** years, during which time the rotation period for the offices of President and Vice-President shall be six **seven** months.

Article 41 Participation of [executive heads] of <component states> in meetings of Presidential Council

During the first ten years after entry into force of the Foundation Agreement, the [executive heads]²¹ of the <component states> shall be invited to participate without a vote in meetings of the Council of Ministers and, later, the Presidential Council.

²¹ **Observation:** Terminology to be adjusted when the governmental structures of the <component states> are decided.

Article 42 *Entry into force of accession treaty to the European Union*

The referenda approving, together with the Foundation Agreement, the conditions of accession of Cyprus to the European Union, shall authorise and oblige the Co-Presidents to sign and ratify the Treaty providing for the accession of Cyprus to the European Union.²²

Article 43 *Transitional Board of the Central Bank*

The members of the transitional Board of the Central Bank selected in accordance with Appendix B of the Comprehensive Settlement shall assume their functions immediately upon entry into force of the Foundation Agreement and shall remain in office for 15 calendar months, when they shall be replaced by the Board appointed in accordance with the provisions of this Constitution by the Council of Ministers elected by the two chambers of Parliament. The transitional Board shall exercise the powers provided for the Board in the Constitution until the regularly appointed Board takes office.

Article 44 *Judges of the transitional Supreme Court ~~Appointment and initial term of office of Supreme Court Judges~~*

~~Within a week of entry into force of the Foundation Agreement, a transitional Supreme Court of Cyprus shall be constituted in accordance with the law.~~
The judges of the transitional Supreme Court selected in accordance with Appendix B of the Comprehensive Settlement shall assume their functions immediately upon entry into force of the Foundation Agreement and shall remain in office for 15 calendar months, when they shall be replaced by the judges appointed in accordance with the provisions of this Constitution by the Council of Ministers elected by the two chambers of Parliament. The transitional Court shall exercise the powers provided for the Supreme Court in the Constitution until the regularly appointed Supreme Court takes office one year after entry into force of the Foundation Agreement.

Article 45 *Public Service*

The Law shall specify implementation procedures and timeframes, not exceeding [insert figure] years from the entry into force of the Foundation Agreement, for the full implementation of the provisions of this Constitution relating to the composition of the public service for the different branches of that service.

Article 46 *Responsibility for debts incurred prior to the entry into force of the Foundation Agreement*

The <common state> shall assume responsibility for debts incurred prior to the entry into force of the Foundation Agreement other than debts to Greece

²² **Observation:** It is understood that given the mandate of the people expressed in separate referenda to sign and ratify the Treaty of Accession, either of the Co-Presidents is empowered to execute the common will of the people of the two <component states> on behalf of Cyprus.

or Turkey or debts from purchase of armaments, which shall be assumed by the relevant <component state>. Special majority law may provide for reimbursement of the <common state> by the <component states>.

Article 47 *Teaching of official languages*

The mandatory teaching of the official languages of the <common state> to all secondary school students prescribed in Article 7(4) shall commence no later than three years after entry into force of the Foundation Agreement.

Article 48 *State-owned property*

Public property of the <common state> is listed in an attachment to this Constitution. Other public property is the property of the <component state> in which it is located.

PART VIII: ADDITIONAL PROVISIONS

[insert further articles]

ATTACHMENT 1: MAP OF CYPRUS AND ITS <COMPONENT STATES>

[insert topographic map, indicating agreed <component state> boundary]

ATTACHMENT 2: FLAG OF CYPRUS

[insert image of agreed flag]

ATTACHMENT 3: ANTHEM OF CYPRUS

[insert agreed anthem]

ATTACHMENT 4: PROPERTY OF THE <COMMON STATE>

[insert agreed list/description of property of <common state>]

DRAFT ANNEX II: CONSTITUTIONAL LAWS

The attachments of this Annex shall be Constitutional Laws upon entry into force of the Foundation Agreement, able to be amended in accordance with the Constitution.

**ATTACHMENT 1: CONSTITUTIONAL LAW ON THE ELABORATION AND
ADOPTION OF CONSTITUTIONAL LAWS**

[insert text]

**ATTACHMENT 2: CONSTITUTIONAL LAW ON POLICE MATTERS AND
COMPOSITION AND FUNCTIONS OF THE JOINT
INVESTIGATION AGENCY**

Article 1 <component state> police

Each <component state> police may not number more than 700 police personnel plus ~~five~~ **six** police personnel per thousand <component state> inhabitants. <component state> police may only carry weapons appropriate for normal police civilian duties.

Article 2 Joint Investigation Agency

There shall be a Joint Investigation Agency comprising <common state> and <component state> police personnel, hailing in equal numbers from each <component state>, and reporting to the Attorney-General of the <common state>. It shall combat terrorism, drug trafficking, money laundering and organised crime. It shall also investigate alleged violations of police duties by <common state> or <component state> police, or of Article 6(3) and (4) of the Constitution, upon request of any <common state> or <component state> authority.

Article 3 Cooperation

The Joint Investigation Agency and the <common state> police shall cooperate with each other and with the police of the <component states> pursuant to the Cooperation Agreement on police matters between the <common state> and the <component states>.

[insert further articles]

ATTACHMENT 3: CONSTITUTIONAL LAW ON INTERNAL <COMPONENT STATE> CITIZENSHIP STATUS AND <COMPONENT STATE> RESIDENCY RIGHTS

Article 1 Internal <component state> citizenship status upon entry into force of the Foundation Agreement

1. Upon entry into force of the Foundation Agreement, Cypriot citizens shall automatically be afforded the internal <component state> citizenship status of the <component state> which at that time administers the territory where they reside.
2. **Persons residing, at the time of entry into force of the Foundation Agreement, in the Maronite villages of Agia Marina/Gurpinar, Asomatos/Ozhan, Karpasha/Karpasa and Kormakiti/Korucam, the Mesaoria village of Pyla and the Karpas villages of Rizokarpaso/Dipkarpaz, Agialousa/Yeni Erenkoy, Agia Trias/Sipahi, Melanarga/Adacay may, within one year of that date, elect to have the internal <component state> citizenship status of the other <component state>.**
3. Cypriots **citizens** residing abroad shall be afforded the internal <component state> citizenship status of the Greek Cypriot <component state> if they or their forebears belonged to the Greek Cypriot community before 1974, or the internal <component state> citizenship status of the Turkish Cypriot <component state> if they or their forebears belonged to the Turkish Cypriot community before 1974.

Article 2 Acquisition of internal <component state> citizenship status

1. Persons acquiring Cypriot citizenship shall also acquire the internal <component state> citizenship status of the <component state> in which they reside, provided they have resided there for seven years preceding their naturalisation. If this requirement is not fulfilled, they shall acquire the internal <component state> citizenship status of the <component state> in which they have resided longer.
2. Any Cypriot citizen who has been resident in a <component state> for any seven consecutive years shall be entitled to apply **to change his/her** ~~for the~~ internal <component state> citizenship status ~~of that <component state>~~ **to that of the <component state> where s/he resides.**

Article 3 ***Exercise of political rights at the <component state> level***

A <component state> may restrict, within the limits of European Union law and this Constitution, the exercise of political rights at its level to persons holding its internal <component state> citizenship status.

Article 4 ***Supreme Court injunctions on entry or residence***

A <component state> may apply to the Supreme Court of Cyprus for an injunction barring a person who does not hold its internal <component state> citizenship status from entering or residing in that <component state>. The Supreme Court shall grant the injunction if the relevant person has been, or is actively engaged, in acts of violence or incitement to violence and his/her presence in that <component state> would be a danger to public safety or public order.

Article 5 ***Permissible limitation on residency of non-Cypriots***

The <component states> may, within the limits of international law, European Union law and this Constitution, establish rules and regulations on establishment of residence by non-Cypriots more restrictive than those of the <common state>.

Article 6 ***Permissible limitation on residency of Cypriots***

1. A <component state> may restrict the right to reside of Cypriot citizens who do not hold its internal <component state> citizenship status, if the number of such residents has reached ~~one-third of the total population of a municipality or village~~ **28% of its population**.
2. **No later than 25 years after entry into force of this Agreement, the <common state> and the <component states> shall review the relevant Constitutional Law in light of experience.**
3. **Any restrictions on residence shall not prevent the freedom of movement throughout Cyprus, including the right of any Cypriot citizen to temporarily (i.e. no more than an average of three nights a week) stay or holiday in their own properties or any other accommodation anywhere in Cyprus.**

Article 7 ***Permissible transitional limitations on residency***

1. Without prejudice to the provisions of the above Article, a <component states> may, during a transitional period of ~~20~~ **15** years after entry into force of the Foundation Agreement, further restrict the establishment of residence, on a non-discriminatory basis, of Cypriot citizens who do not hold the relevant internal <component state> citizenship status, ~~if the number of such residents has reached a certain percentage of the total population of a municipality or village; the relevant percentage shall be 1% for the first year after entry into force of the Foundation Agreement, and shall rise by 3% for each three year period thereafter.~~

2. **Permissible restrictions include a moratorium on such residence during the first four years after entry into force of the Foundation Agreement. Thereafter, there may be restrictions if the number of such residents has reached 8% of the population of a village or municipality between the 5th and 9th years and 18% between the 10th and 15th years.**
3. Within the permissible limit, priority shall be given first to persons to whom properties have been reinstated by order of the Property Board, and their families; second to other persons who were inhabitants of the relevant municipality or village before 1963 or 1974 respectively, and their families; and third to the heirs of either category of persons.
4. There shall be no limitations for establishment of residence by former inhabitants and their descendants in the Tillyria villages of Amadhies/Gunebakan, Limnitis/Yeşilyirmak, Selemani/Suleymaniye, Xerovounos/Kurutepe and Agios Georgios/Madenlikoy, the Maronite villages of Agia Marina/Gürpınar, Asomatos/Özhan, Karpasha/Karpaşa and Kormakiti/Koruçam, the Mesaoria villages of Pyla and [insert other villages with more than 20% Turkish Cypriots in 1960 should they fall within the area of territorial adjustment] and the Karpas villages of Rizokarpaso/Dipkarpaz, Agialousa/Yeni Erenköy, Agia Trias/Sipahi, Melanarga/Adacay.²³

[insert further articles]

²³ **Observation:** the list of villages shall be adapted once a map has been agreed.

**DRAFT ANNEX III: <COMMON STATE> LEGISLATION UPON
ENTRY INTO FORCE OF THE FOUNDATION AGREEMENT**

The attachments to this Annex shall be <common state> legislation upon entry into force of the Foundation Agreement, able to be amended in accordance with the Constitution.

**ATTACHMENT 1: LAW ON THE ANTHEM, FLAG, INSIGNIA AND
HONOURS OF CYPRUS (AND THEIR USE)**

[insert text]

ATTACHMENT 2: LAW ON CONDUCT OF EXTERNAL RELATIONS

Article 1 Composition of diplomatic missions of Cyprus

1. The heads of mission of Cyprus to the United Nations in New York, the United Nations in Geneva, the European Union, Greece, Turkey, the United Kingdom, France, the United States, Russia and China shall hail in equal numbers from each <component state>.
2. This Article shall be fully implemented no later than [three] years after entry into force of the Foundation Agreement.

[insert further articles]

**ATTACHMENT 3: LAW ON CONDUCT OF EUROPEAN UNION
RELATIONS**

[insert text]

ATTACHMENT 4: LAW ON CYPRIOT CITIZENSHIP

Article 1 *General provisions*

This Law determines the conditions for the acquisition [and loss] of Cypriot citizenship, in accordance with the terms of the Foundation Agreement, the Constitution and international and European Union standards.

Article 2 *[Dual citizenship]*

[insert article, if any.]

Article 3 *Cypriot citizenship upon entry into force of the Foundation Agreement*

1. Upon entry into force of the Foundation Agreement, the following persons shall be considered citizens of Cyprus:
 - a. Any person who held Cypriot citizenship in 1960 and his or her descendants;
 - b. ~~Any 18 year old person who was born in Cyprus and has permanently resided for at least seven years in Cyprus~~ **Any person who enjoyed permanent residence in Cyprus for at least seven years before reaching the age of 18 and for at least one year during the last five years;**
 - c. Any person who is married to a Cypriot citizen and has ~~permanently resided~~ **enjoyed permanent residence** for at least two years in Cyprus; and
 - d. Minor children of the persons in the above categories who ~~are permanently residing~~ **enjoy permanent residence** in Cyprus.
2. ~~[In addition to the above, persons whose names figure on a list agreed by the parties to the Comprehensive Settlement shall be considered citizens of Cyprus upon entry into force of the Foundation Agreement. Persons shall be listed with their~~ **handed over to the Secretary-General of the United Nations by each party to the Comprehensive Settlement by 10 March 2003 shall be citizens of Cyprus. Each side's list may number no more than 33,000 persons, inclusive of spouses and children, unless there are specific reasons preventing such spouses and children from being considered citizens of Cyprus. Applicants shall be included on the list based on the length of their residence in Cyprus.]**

Article 4 *Acquisition of Cypriot citizenship*

Cypriot citizenship is acquired in accordance with the provisions of this law:

- a. Automatically by birth, where either parent is a Cypriot citizen;
- b. By naturalisation; or

- c. [insert additional articles, if any].

Article 5 Acquisition by naturalisation

A foreigner may submit a request for acquisition of Cypriot citizenship if s/he fulfils the following conditions:

- a. S/he has reached 18 years of age;
- b. S/he has ~~legally resided permanently~~ **enjoyed permanent residence** in Cyprus for at least seven consecutive years, **including for no less than four years after entry into force of the Foundation Agreement**, before submitting a request;
- c. [S/he has knowledge of one of the official languages of Cyprus];
- d. S/he is not the object of a security measure or a protective measure to remove him/her from Cyprus undertaken by an authority of the <common state> or the <component states> in accordance with their respective laws; and
- e. S/he was not sentenced to a term of imprisonment for a premeditated criminal act for longer than one year within seven years of the submission of the request.

Article 6 Acquisition by facilitated naturalization

Cypriot citizenship may be acquired through facilitated naturalisation:

- a. Upon request, by spouses of persons who have or acquire Cypriot citizenship in accordance with these provisions, provided they have been married for at least two years; or
- b. Automatically by minor children of persons who acquire Cypriot citizenship in accordance with these provisions.

Article 7 Loss of Cypriot citizenship

[insert article, if any]

Article 8 Passports

1. The Citizenship Board shall issue passports to Cypriot citizens in accordance with these provisions.
2. During an interim period of [insert number of days], the Citizenship Board shall stamp travel documents of citizens issued prior to entry into force of the Foundation Agreement, testifying to the recognition of these documents by Cyprus.

Article 9 *The Citizenship Board*

1. The Citizenship Board shall be composed of three persons hailing from each <component state> and the chairs shall rotate on an annual basis.
2. For the first two years of its operation, the Citizenship Board shall, in addition, comprise two non-Cypriots who are not citizens of Greece, Turkey or the United Kingdom. The non-Cypriots may simultaneously serve on the Aliens Board.
3. The members of the Citizenship Board shall be appointed by the Presidential Council and confirmed by Parliament by special majority.

Article 10 *Implementation of this law*

1. The Citizenship Board shall be entrusted with the implementation of this law and shall adopt rules and regulations for this purpose.
2. The Citizenship Board shall appoint and supervise agents who shall process requests relating to Cypriot citizenship, in accordance with this law and its rules and regulations.

Article 11 *Review of decisions on citizenship*

1. There shall be a right of appeal to the Citizenship Board from decisions by agents of the Board regarding citizenship.
2. Decisions of the Citizenship Board are subject to review by the Supreme Court.

Article 12 *Transitional rules and regulations*

Until the <common state> Parliament adopts detailed rules and regulations governing citizenship, the Citizenship Board shall adopt such rules and regulations in accordance with these provisions and the abovementioned international instruments, bearing in mind the obligations of Cyprus under the Treaty of Accession to the European Union.

[insert further articles]

ATTACHMENT 5: LAW ON ALIENS, IMMIGRATION AND ASYLUM

Article 1 *General provisions*

This Law prescribes the conditions for residency, immigration and asylum, in accordance with the terms of the Foundation Agreement, the Constitution and international and European Union standards.

Article 2 *Entry and residency rights of Greek and Turkish nationals*

1. Cyprus shall grant equal treatment to Greek and Turkish nationals with respect to entry and residency rights to the extent permissible under European Union law and the conditions of accession of Cyprus to the European Union.
2. The Aliens Board shall not authorise further immigration of Greek nationals if the number of permanently residents **who are** Greek nationals has reached 10 % of the number of resident Cypriot citizens who hold the internal <component state> citizenship status of the Greek Cypriot <component state> nor shall it authorize further immigration of Turkish nationals if the number of permanently residents **who are** Turkish nationals has reached 10% of the number of resident Cypriot citizens who hold the internal <component state> citizenship status of the Turkish Cypriot <component state>.²⁴ ~~For the purpose of this Article, persons who are citizens of both Cyprus and Greece or Turkey shall be counted as citizens of Cyprus only.~~
3. Upon entry into force of the Foundation Agreement, the Aliens Board shall authorize the <component states> to grant permanent residency **residence** rights to nationals of Greece and Turkey up to the level agreed in the previous paragraph. **Persons who do not so receive permanent residence may apply for financial assistance to relocate to their country of origin if they have lived in Cyprus for no less than [five] years. Such assistance shall be in the form of cash grants payable on their arrival in their country of origin, within five years of entry into force of the Foundation Agreement. The amount of the grant shall be in accordance with a scale, based on a figure of no less than 10,000 Euros for a household of four.**²⁵

²⁴ **Observation:** In accordance with international practice, for the purpose of this Article, persons who are citizens of both Cyprus and Greece or Turkey shall be counted as citizens of Cyprus only.

²⁵ **Observation:** The services of the International Organisation for Migration could be requested in this regard.

Article 3 *Asylum*

The Aliens Board shall grant asylum in accordance with the 1951 Geneva Convention on the Status of Refugees and its 1967 Protocol, the 1997 Dublin Convention on Asylum Seekers, the 1950 European Convention for the Protection of Human Rights and Fundamental Freedoms and its additional protocols which are in force for Cyprus, as well as other relevant international instruments in force for Cyprus.

Article 4 *The Aliens Board*

1. The Aliens Board shall be composed of three persons hailing from each <component state> and the chairs shall rotate on an annual basis.
2. For the first two years of its operation, the Aliens Board shall, in addition, comprise two non-Cypriots who are not citizens of Greece, Turkey or the United Kingdom. The non-Cypriots may simultaneously serve on the Citizenship Board.
3. The members of the Aliens Board shall be appointed by the Presidential Council and confirmed by Parliament by special majority.

Article 5 *Implementation of this law*

1. The Aliens Board shall be entrusted with the implementation of this law and shall adopt rules and regulations for this purpose.
2. The Aliens Board shall appoint and supervise agents who shall process requests relating to immigration, asylum, deportation or extradition in accordance with this law and its rules and regulations.

Article 6 *Review of decisions on immigration, asylum, deportation and extradition*

1. There shall be a right of appeal to the Aliens Board from decisions by agents of the Board regarding immigration, asylum, deportation or extradition.
2. Decisions of the Aliens Board are subject to review by the Supreme Court.

Article 7 *Transitional rules and regulations*

Until the <common state> Parliament adopts detailed rules and regulations governing immigration, asylum, deportation and extradition, the Aliens Board shall adopt such rules and regulations in accordance with these provisions

and the abovementioned international instruments, bearing in mind the obligations of Cyprus under the Treaty of Accession to the European Union.

[insert further articles]

ATTACHMENT 6: LAW ON THE CENTRAL BANK

Part I: TRANSITIONAL PROVISIONS

Article 1 Exchange of deposits of citizens and residents of Cyprus

The Central Bank of Cyprus shall exchange deposits held by citizens and residents of Cyprus in Turkish lira in banks in Cyprus into Cyprus pounds at the rate at which the Bank of Turkey shall credit the relevant amounts to the Bank of Cyprus in Euros.

[insert further articles]

ATTACHMENT 7: LAW ON <COMMON STATE> TAXATION AND FINANCES

Article 1 Transfer to <component states>

1. The <common state> shall confer upon the <component states>, in proportion to their population, no less than 50% of revenue from indirect taxation which is not transferred to the European Union.
2. The <common state> shall spend no less than 5% of revenue from indirect taxation which is not transferred to the European Union to finance cooperative endeavours between the <component states> or between municipalities located in different <component states>.

[insert further articles]

ATTACHMENT 8: LAW ON <COMMON STATE> BUDGET

Article 1 Carry over of previous budget

If Parliament is unable to approve a budget before the beginning of the fiscal year, the budget of the previous year, adjusted by inflation minus 1%, shall be carried on to the next fiscal year, unless the Supreme Court in the exercise of its deadlock resolving power decides otherwise.

[insert further articles]

**ATTACHMENT 9: LAW ON INTERNATIONAL TRADE, CUSTOMS AND
EXCISE**

[insert text]

ATTACHMENT 10: LAW ON AVIATION AND AIRSPACE MANAGEMENT

[insert text; text shall take into account the vital interests and legitimate concerns of neighbouring states, the geographical position of the island of Cyprus in the Eastern Mediterranean, the terms of treaties binding on Cyprus upon entry into force of the Foundation Agreement, and the relevant principles and rules of international law]

**ATTACHMENT 11: LAW ON INTERNATIONAL NAVIGATION,
TERRITORIAL WATERS, AND CONTINENTAL SHELF**

[insert text; text shall take into account the vital interests and legitimate concerns of neighbouring states, the geographical position of the island of Cyprus in the Eastern Mediterranean, the terms of treaties binding on Cyprus upon entry into force of the Foundation Agreement, and the relevant principles and rules of international law]

ATTACHMENT 12: LAW ON WATER RESOURCES

[insert text; text shall include provisions ensuring that the natural water resources of Cyprus shall be equitably shared between the <component states>]

ATTACHMENT 13: LAW ON NATURAL RESOURCES

[insert text]

ATTACHMENT 14: LAW ON POSTAL SERVICES

[insert text]

ATTACHMENT 15: LAW ON COMMUNICATIONS

[insert text]

ATTACHMENT 16: LAW ON METEOROLOGY

[insert text]

ATTACHMENT 17: LAW ON WEIGHTS AND MEASURES

[insert text]

ATTACHMENT 18: LAW ON INTELLECTUAL PROPERTY

[insert text]

ATTACHMENT 19: LAW ON ANTIQUITIES

[insert text]

**ATTACHMENT 20: LAW ON ELECTION TO POPULARLY ELECTED
<COMMON STATE> OFFICES**

**[insert text; text shall include provisions on eligibility and incompatibility
for members of <common state> institutions]**

**ATTACHMENT 21: LAW ON <COMMON STATE> IMMUNITIES AND
EXEMPTIONS**

[insert text]

ATTACHMENT 22: LAW ON <COMMON STATE> ADMINISTRATION

[insert text]

ATTACHMENT 23: LAW ON OFFICIAL LANGUAGES

[insert text]

**ATTACHMENT 24: LAW ON <COMMON STATE> POLICE AND JOINT
INVESTIGATION AGENCY**

[insert text]

**ATTACHMENT 25: LAW ON LEGISLATIVE PROCEDURE AND ON
PROCEDURE FOR AMENDMENTS OF THE CONSTITUTION**

[insert text; should include, *inter alia*, regulation of procedure for consultation of <component state> governments and other interested sectors of society.]

ATTACHMENT 26: LAW ON ADMINISTRATION OF JUSTICE

Article 1 Judges of the Supreme Court

1. The Supreme Court judges shall not hold any other public office in the <common state> or either <component state>.
2. The judges shall not serve beyond their 75th birthday.
3. The Presidential Council shall appoint the judges from among the candidates listed by the Judiciary Board, three judges hailing from each of the <component states> and three non-Cypriot judges who shall not be citizens of Greece, Turkey or the United Kingdom.
4. In case of a vacancy, the Presidential Council shall appoint a replacement for the remainder of the term of office upon suggestion of the Judiciary Board, without altering the composition of the Court as prescribed in this Article.

Article 2 The Chief Justice

The Supreme Court Judges shall elect from among their number a Chief Justice for a renewable three-year term of office.

Article 3 Seniority of judges

The Chief Justice shall be considered the most senior Supreme Court judge. Among the other judges, seniority shall be determined firstly by time served in office and by age in case of equal time served.

Article 4 Judiciary Board

1. The Judiciary Board shall comprise the three most senior <common state> Supreme Court judges, each being the most senior of the group of judges from each of the <component states> and the non-Cypriot judges respectively; the Attorney-General and Deputy Attorney-General of the <common state>; and the Attorney-General, the head of the highest court and the President of the Bar Association of each <component state>.
2. If the most senior judge from any group in the transitional Supreme Court is also the head of the highest <component state> court, the second

most senior judge from the relevant group shall take his/her place on the Judiciary Board.

3. The Judiciary Board shall decide on a list of names by a two-thirds majority.

Article 5 *Partial periodic renewal of the Supreme Court*

1. To ensure partial periodic renewal of the Supreme Court, the terms of office of the original members shall be as follows:
 - a. Three years for one judge from each <component state> as well as one non-Cypriot judge;
 - b. Six years for one judge from each <component state> as well as one non-Cypriot judge; and
 - c. Nine years for one judge from each <component state> as well as one non-Cypriot judge.
2. If the judges in each group cannot agree among themselves who shall hold each term of office, a lot shall be drawn among each group of judges.

Article 6 *Transitional Supreme Court*

- ~~1. The Co Presidents shall appoint the members of the transitional Supreme Court from a list of candidates submitted by the transitional Judiciary Board and in accordance with the proportions stipulated in this law.~~
1. The provisional Judiciary Board to suggest the candidates for the transitional Supreme Court shall be composed of the Attorney-General, the head of the highest court and the President of the Bar Association of each <component state>.
2. The Cypriot judges may maintain any functions as <component state> judges during their one-year term of office on the transitional Supreme Court to the extent that their tasks at the Supreme Court shall allow it. They shall give priority to their tasks as judges of the Supreme Court of Cyprus.
3. The non-Cypriot judges on the transitional Supreme Court shall be remunerated like judges of the International Court of Justice.

[insert further articles]

ATTACHMENT 27: LAW ON <COMMON STATE> OFFENCES

[insert text; i.e. criminal code on terrorism, drug trafficking, money laundering, organized crime and offences against <common state> laws]

ATTACHMENT 28: LAW ON IMPEACHMENT

[insert text; text shall include provisions that cases alleging impeachment shall be referred to the Supreme Court; the Supreme Court shall determine the appropriate punishment]

**DRAFT ANNEX IV: COOPERATION AGREEMENTS BETWEEN
<COMMON STATE> AND <COMPONENT STATES> UPON
ENTRY INTO FORCE OF THE FOUNDATION AGREEMENT**

The attachments to this Annex shall be Cooperation Agreements between the <common state> and the <component states> upon entry into force of the Foundation Agreement. These agreements may be amended by agreement of the <common state> and both <component states>.

**ATTACHMENT 1: COOPERATION AGREEMENT ON EXTERNAL
RELATIONS**

[insert text]

ATTACHMENT 2: COOPERATION AGREEMENT ON EUROPEAN UNION RELATIONS

Article 1 Scope of agreement

This agreement regulates decision-making and representation of Cyprus in European Union matters which predominantly or exclusively fall within the competence of the <component states>.

Article 2 Duty to inform

The <common state> shall inform the <component states> without delay on all issues relating to European integration in areas of competence of the <component states>. This duty shall include the transmission of:

- a. Documents, reports, and notices of the organs of the European Union;
- b. Documents, reports, and notices on informal meetings at ministerial level;
- c. Documents and information on cases pending before the European Court of Justice; and
- d. Reports of the permanent representation of Cyprus to the European Union.

Article 3 Decision-making

1. In matters referred to in Article 1, the <common state> shall consider opinions of the <component states> given in due time. In case of consistent opinion of both <component states> given in due time, this opinion shall be legally binding on the <common state> in negotiations and voting. The <common state> may only deviate from this opinion if there are mandatory reasons with regard to foreign affairs.
2. In the case of persistent inconsistencies in matters referred to in Article 1, coordination with respect to the position of the <common state> shall be undertaken by the Coordination Group. The Coordination Group shall comprise a representative of each of the members of the Presidential Council in charge of Foreign Affairs and European Union relations, and a representative of each <component state>. The decisions of the Coordination Group shall be binding on the relevant representative in the European Union.
3. The position taken by the Coordination Group may be changed only in exceptional circumstances. If the position taken by the Coordination

Group needs to be urgently adapted in the course of a meeting of a European Union organ, the respective representative shall immediately inform the Coordination Group. If a revised decision of the Coordination Group cannot be obtained in time, the representative of Cyprus shall ~~adhere *ad referendum* to the position most likely to address the general~~ **abstain, except in cases where s/he has received clear freedom to choose the position that will most likely address** the general interests of Cyprus as a whole. ~~A final position shall be notified to the European Union within 48 hours. It is understood that in such~~ **circumstances, the vote given by the Cyprus representative will have been final.**

Article 4 *Representation*

1. Cyprus may be represented in the European Union either by a representative of the <common state> or a representative of a <component state>.
2. The representatives shall be appointed by the Presidential Council upon suggestion of the Coordination Group.
3. The representatives of Cyprus in the Council of the European Union shall be notified to its General Secretariat. Such representatives attending meetings shall have the exclusive right to make legally binding declarations.
4. **Cyprus will be represented in the European Parliament according to proportional representation, provided that each <component state> is attributed no less than one third of the Cypriot seats in the European Parliament.**

Article 5 *Legal action*

1. In case of an unlawful act or failure to act of organs of the European Union or another member state concerning matters in the areas of competence of the <component states>, Cyprus shall bring an action before the European Court of Justice upon request of the <component state>. Such request is to be addressed to the Presidential Council and shall include all information relevant to a legal action before the European Court of Justice.
2. The costs of such legal action shall be borne by the <component state> requesting the action.

Article 6 *Adaptation*

The <common state> and the <component states> shall adapt this Agreement by consensus to take account of further developments of European integration or other needs that may arise.

Article 7 *Presidency*

Prior to Cyprus exercising the Presidency of the European Union, the Coordination Group shall propose specific modalities to the Presidential Council.

Article 8 *Disputes resulting from the application of this agreement*

Any dispute resulting from the application of this Agreement shall be decided by the Supreme Court of Cyprus.

[insert further articles]

ATTACHMENT 3: COOPERATION AGREEMENT ON POLICE MATTERS

[insert provisions on cooperation arrangements between <component state> police, between <component state> police and <common state> police, and regarding joint investigation agency; these provisions should create a cooperation committee; they should, *inter alia*, address the issue of hot pursuit]

**DRAFT ANNEX V: LIST OF INTERNATIONAL TREATIES
BINDING ON CYPRUS UPON ENTRY INTO FORCE OF THE
FOUNDATION AGREEMENT**

[insert list of treaties; Charter of the United Nations, Treaty of Establishment, Treaty of Guarantee and Treaty of Alliance shall be included in the list; further treaties shall be listed in accordance with the following guidelines:

- There shall be a presumption of inclusion of all multilateral instruments and all bilateral instruments, other than with Greece and Turkey; either side may raise objections with respect to a specific instrument provisionally listed on grounds of incompatibility with the Comprehensive Settlement or the Foundation Agreement;
- Instruments with Greece and Turkey in areas not related to defence shall be examined and, unless incompatible with the Comprehensive Settlement or the Foundation Agreement, shall be included in the list;
- Instruments with Greece and Turkey on defence matters shall not be included in the list, unless otherwise agreed.]

DRAFT ANNEX VI: TERRITORIAL ARRANGEMENTS

Article 1 *Delineation of <component state> boundaries*

1. The boundaries of the <component states> shall be as depicted in the attached map.
2. [insert text describing in detail the course of the agreed boundary]. **In towns (namely Nicosia and Famagusta), the final boundary shall be demarcated in such a way as to take into account as an overriding concern ownership of properties in the area of the boundary. Functionality of street use and administration shall also be a consideration.** Any inconsistency between this description and the map shall be decided by consensus by a committee, or, where they are unable to reach consensus, by the Supreme Court of Cyprus.
3. The committee shall comprise [insert figure] representatives of each <component state> and at least one non-Cypriot. The committee shall be appointed upon entry into force of the Foundation Agreement, and shall demarcate the boundary on the ground.

Article 2 *Access and connecting roads*

[indicative text to be modified in accordance with agreed map]

Applying to both suggested maps:

1. Civilian traffic on direct connecting roads between the main part of a <component state> and a non-contiguous part, as well as on direct connecting roads through a non-contiguous part of a <component state>, may only be restricted pursuant to an injunction of the Supreme Court.
2. The road connecting Pyrogi and Athienou is under the territorial administration of the Greek Cypriot <component state> for its entire length. The Turkish Cypriot <component state> shall be entitled to construct an underpass or overpass for access to Louroujina/Akincilar.
3. The Greek Cypriot <component state> shall be entitled to construct a road under its territorial administration between Kontea and Kalopsida, across the territory administered by the Turkish Cypriot <component state> south of Köüklia and to expropriate the necessary land in exchange for full and effective compensation, in cooperation with the Turkish Cypriot <component state>. The <component states> shall agree on the location of any necessary underpasses or overpasses to be built at the expense of the Greek Cypriot <component state>.

~~Applying to map A only:~~

- ~~4. The road connecting north Nicosia and Famagusta is under the territorial administration of the Turkish Cypriot <component state> for its entire length. The Greek Cypriot <component state> shall be entitled to~~

~~construct three underpasses or overpasses for access to Pyrga, Styloi and Egkomi.~~

~~**Article 3**~~ ~~**Water resources**~~

~~[insert text on agreed sharing of natural water resources between the <component states> in light of territorial arrangements]~~

Article 4 **Phasing of territorial adjustment**

1. Areas within the agreed territorial boundaries of a <component state> which are subject to territorial adjustment, while legally part of that <component state> upon entry into force of the Foundation Agreement, shall be administered during an interim period no longer than three years by the other <component state>, by which time, administration shall have been completely transferred.
2. Administration shall be transferred in agreed phases as depicted on the attached map. Transfer shall begin 90 days after entry into force of the Foundation Agreement with the transfer of administration of the following largely uninhabited areas contiguous with the remainder of the relevant <component state>: [insert description of areas]. Remaining areas shall be transferred as follows: [insert transfer timeframes and arrangements for remaining areas].
3. The <component states> shall render full cooperation to the United Nations which, in conformity with its mandate, shall supervise activities relating to the transfer of areas subject to territorial adjustment and contribute to the maintenance of a secure environment.
4. During the phasing period, the areas under the administration of the Greek Cypriot <component state> and the Turkish Cypriot <component state> shall be clearly marked as follows: [insert text]. During this period, the agreed crossing points shall be as follows: [insert text]
5. **All areas subject to territorial adjustment shall be vacated, prior to agreed dates of transfer of administration, of any forces and armaments and no forces and armaments shall be located thereafter in those areas.**

Article 5 **Current inhabitants**

1. The following special arrangements shall safeguard the rights and interests of current inhabitants of areas subject to territorial adjustment, and provide for orderly relocation to adequate alternative accommodation (**in accordance with Annex VII**) in appropriate locations where adequate livelihoods may be earned:

- a. persons to be relocated shall be registered by household, including details of their current occupation or means of livelihood;
 - b. communities may request to be relocated as a community;
 - c. persons with sufficient financial means shall vacate properties no later than [one] month prior to the agreed date of transfer of administration of the relevant area;
 - d. persons without sufficient financial means shall receive no less than [three months' notice of the date for relocation once alternative accommodation has been identified; during this time they may access this alternative accommodation to prepare it for their arrival;
 - e. persons to be relocated who do not have sufficient financial means shall be provided with transport for the members of their household and their belongings, as necessary; and
 - f. special arrangements shall be made for families with young children, the elderly and the disabled.
2. Persons other than Cypriot citizens who, pursuant to an administrative decision by an authority in Cyprus, enjoyed permanent residence in areas subject to territorial adjustment may apply for financial assistance to relocate to their country of origin. Such assistance shall be in the form of cash grants payable on their arrival in their country of origin, within five years of entry into force of the Foundation Agreement. The amount of the grant shall be in accordance with a scale, based on a figure of no less than 10,000 Euros for a household of four.²⁶

Article 6 Relocation Board

1. Relocation pursuant to Article 5 shall be managed by a Relocation Board, comprising five persons, including one representative of each <component state> and three non-Cypriots who are not citizens of Greece, Turkey or the United Kingdom and of whom one shall be a United Nations representative. The latter is invited to chair the Board. The Secretary-General of the United Nations is invited to appoint the non-Cypriot members of the Board.
2. The <component states> shall each nominate a representative of their authority competent for housing and property issues, their authority competent for employment/economic issues, their <component state> police and each of the local authorities for the areas subject to territorial adjustment, to cooperate and liaise with the Relocation Board and attend extended planning meetings at the request of the Board.

²⁶ Observation: The services of the International Organisation for Migration could be requested in this regard.

- 3. Among other responsibilities, the Relocation Board shall verify that alternative accommodation is ready for inhabitation before setting dates for relocation. It shall initiate arrangements with the competent authorities in the receiving municipalities to ensure that persons relocating there are assisted in establishing a livelihood in those municipalities.**

- 4. The Relocation Board shall also work closely with the Property Board regarding decisions on reinstatement in the areas subject to territorial adjustment and the identification of alternative accommodation. When planning the construction of alternative accommodation, special consideration shall be given to requests of communities wishing to relocate as a community.**

- 5. The Relocation Board shall adopt rules and regulations in accordance with these provisions. The <component states> shall fully respect and implement the decisions of the Relocation Board in a timely manner, and adopt any necessary legislation or regulations to ensure their enforcement.**

Article 7 Properties

Properties located in areas subject to territorial adjustment shall be handled in accordance with the provisions of Attachment 4 of Annex VII.

ATTACHMENT 1: MAP OF TERRITORIAL ADJUSTMENT

**DRAFT ANNEX VII: TREATMENT OF PROPERTY AFFECTED
BY EVENTS SINCE 1963**

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Part I: GENERAL ARTICLES

Article 1 *General provisions*

1. The provisions in this Annex and its attachments deal with *properties* which were affected as a consequence of intercommunal strife, military action or the unresolved division of the island between December 1963 and entry into force of the Foundation Agreement and introduces an extraordinary regime to deal with these *properties*. The provisions in this Annex and its attachments will continue to apply to such *properties* until all matters covered by these provisions have been closed by the Property Board or the Supreme Court.
2. Terms used in this Annex and its attachments are defined in Attachment 1.
3. Provisions of this Annex and its attachments shall be referred to hereinafter as 'these provisions'.

Article 2 *The Cyprus Property Board*

These provisions, unless otherwise stated, shall be implemented by the Cyprus Property Board. Its composition, powers and procedures, as well as the obligations of the <common state> and the <component states> in relation to it, are further regulated in Attachment 2.

Article 3 *Property in areas subject to territorial adjustment*

Property located in areas subject to territorial adjustment is regulated by Attachment 4. Where there are no specific provisions in Attachment 4, the other provisions of this Annex shall apply.

Article 4 *Religious sites*

1. The Churches and Evkaf shall be entitled, without exception and within three years of entry into force of the Foundation Agreement, to *reinstatement* of any *affected property* owned by them which was used as a *religious site* in 1963 or 1974.
2. This Article shall not limit the right of Churches and Evkaf to claim compensation in lieu of *reinstatement* for any *affected property* under these provisions.

Part II: REGULATION OF EXERCISE OF PROPERTY RIGHTS

Article 5 *Suspension of dealings, proceedings or alterations with respect to affected property*

1. Any transaction, dealing, or any proceeding **in Cyprus** in any court or legal or administrative body, or any physical alterations (apart from minor or emergency maintenance), with respect to any *affected property* shall be suspended or prohibited upon entry into force of the Foundation Agreement, until the Property Board:
 - a. Authorises such dealing, proceeding or physical alteration to continue or occur;
 - b. Refers the dealing or proceeding to another competent court or authority; or
 - c. Makes a final determination in relation to the *property*.
2. The <common state> and the <component states> shall, pursuant to Article 37 of the **1950 European Convention for the Protection of Human Rights and Fundamental Freedoms**, request the European Court of Human Rights to strike out any proceedings currently before it concerning *affected property*.

Article 6 *Claims and applications*

1. A *dispossessed owner* shall be entitled to claim compensation for his/her title to *property* or the *reinstatement* of his/her *property* or apply for assistance in arranging the sale, long-term lease or exchange of his/her *property*.
2. *Current users* of affected *properties* who are themselves *dispossessed owners* or persons who own *significant improvements* to affected *properties* may apply to receive title to such *properties*.
3. *Current users* of *properties* to be reinstated may apply to benefit from the special measures detailed in Attachment 3.
4. All such claims and applications shall be made to the Property Board within the time limit specified and shall be processed and determined in accordance with these provisions.
5. All payments required as a condition for the transfer of title or *reinstatement* shall be made to the Property Board within three years of the relevant decision of the Property Board, unless the decision specifies an earlier date. Transfer of title or *reinstatement* shall not take effect until all stipulated payments are made in full. Failure to make payments within the specified period may result in loss of or modifications to rights with respect to the *property*.

Article 7 *Liability for damage*

Persons responsible for serious damage to or destruction of *properties* shall be liable to the *dispossessed owner* and/or the Property Board for the cost of the damage up to the *market value* of the *property*. In addition, the Property Board may fine such persons and take other punitive measures, including modifying decisions previously made in their favour.

Section A: Compensation

Article 8 *Entitlement to full and effective compensation*

1. Any *dispossessed owner* shall be entitled to claim full and effective compensation as determined by the Property Board in accordance with international standards (hereinafter referred to as "compensation") in exchange for transfer of title to the *affected property* to the Property Board.
2. Entitlements to compensation shall be assessed and paid by the Property Board at *current value*, **unless otherwise specified in these provisions**.
3. Compensation shall be paid in the form of compensation bonds drawn on a compensation fund. The establishment of the Compensation Fund, issuing and use of bonds shall be regulated by the provisions in Attachment 2.²⁷
4. *Dispossessed owners* of *properties* which, according to the following provisions, are not eligible to be reinstated shall be entitled to compensation.

Article 9 *Property owned by institutions*

Title to affected *properties*, other than *religious sites*, which are owned by *institutions* shall be transferred to the Property Board in exchange for compensation.

Article 10 *Property used for public benefit purposes*

Title to an *affected property* which is being used for a purpose in the public benefit upon entry into force of the Comprehensive Settlement which objectively justifies compulsory acquisition shall be transferred to the <common state> or the relevant <component state> in exchange for payment

²⁷ **Observation:** expert advice is needed on questions of the issuing, use and value of compensation bonds.

of the *current value* by the relevant authority to the ~~dispossessed owner~~ through the Property Board.

Article 11 *Property required for military purposes*

Title to any *affected property* which is specified in the Additional Protocols to the Treaty of Alliance, or any attachment thereto, as being required for military purposes shall be transferred to the <component state> in which it is located, in exchange for payment **of the current value** by the relevant <component state> of the *current value* through the Property Board.

Article 12 *Property currently used by dispossessed owners*

1. A *dispossessed owner* who is the *current user* of an *affected property* of similar *current value* to a *property* of which s/he was dispossessed and has been using the *affected property* on a continuous basis for at least ten years, may apply to the Property Board to receive title to that *property* in exchange for title to the *property* of which s/he was dispossessed.
2. The application shall be granted if the *current value* of the *affected property* no greater than 50% more than the *current value* of the *property* of which s/he was dispossessed.
3. If the *current value* of the *affected property* is more than 50% greater than the *current value* of the *property* of which the *current user* was dispossessed, the Property Board shall assist the *dispossessed owner* and the *current user* to reach an amicable agreement. If this fails, the Property Board may grant or refuse the exchange, taking into account the arguments of both sides, or partition the *property* as appropriate.
4. If the *current value* of the *affected property* is less than that of the *property* of which the *current user* was dispossessed, s/he may claim compensation for the difference in value.
5. If the *current value* of the *affected property* is more than the *current value* of the *property* of which the *current user* was dispossessed, s/he shall pay the difference to the Property Board prior to the transfer of title.

Article 13 *Property currently used by subsequent purchasers from dispossessed owners*

1. Any purchaser (or his/her successors in title) of an *affected property*, which was assigned to a *dispossessed owner* (hereinafter "the vendor") and was of a similar *current value* to a *property* of which the vendor was dispossessed, shall have the same rights and obligations as the vendor would have had according to Article 11 ~~12~~ with respect to the *affected property*, provided that s/he and the vendor and any predecessors in title

have collectively been *current users* of the *affected property* on a continuous basis for at least ten years. Title to the *property of which the vendor was originally dispossessed* shall be transferred to the Property Board; if the *current value* of the *affected property* is less than that of the *property* of which the vendor was originally dispossessed, the vendor may claim the difference in compensation.

2. The above provision does not apply if the Property Board cannot obtain title to the *property* of which the vendor was dispossessed because the vendor has already legally disposed of it.

Article 14 *Significantly improved property*

The owner of a *significant improvement* to an *affected property* may apply to receive title to that *property*, in exchange for payment of the *current value* of the *affected property* without the improvement. The Property Board shall order transfer of title after payment of compensation to the *dispossessed owner* at the *current value* for his/her interest in the *property*.

Section B: Reinstatement into possession

Article 15 *Eligibility for reinstatement*

Affected *properties* which do not fall into the above categories shall be generally eligible to be reinstated.

Article 16 *Agreed levels of reinstatement*

1. In either <component state>, no more than ~~X%~~ **9%**, and in any given municipality or village, no more than ~~Y%~~ **14%**²⁸ of the total land area and of the number of residences shall be reinstated to persons hailing from the other <component state>.²⁹
2. Eligible claimants shall be awarded *reinstatement* based on priority in descending order of age, until the agreed levels are reached.
3. These limitations shall not apply to *religious sites* or to villages which were predominantly inhabited by Maronites in 1974 or the Karpas villages of Rizokarpaso/Dipkarpaz, Agialousa/Yeni Erenköy, Agia Trias/Sipahi, Melanarga/Adacay.³⁰

²⁸ **Note:** The size of X and Y will be related to the extent of an agreed territorial adjustment. These percentages are directly related to the agreed territorial adjustment.

²⁹ **Observation:** The limitations per municipality or village apply in accordance with municipal and village boundaries as at 1960.

³⁰ **Observation:** The list of villages shall be adapted once a map has been agreed.

Article 17 *Moratorium for reinstatement*

No order of the Property Board shall require *reinstatement* of *affected property* to a *dispossessed owner* before a date which is:

- a. Three years after the Foundation Agreement enters into force, for *property* which is *vacant* at that date; or
- b. Five years after the Foundation Agreement enters into force, in all other cases.

Article 18 *Improvements on reinstated property*

1. The owner of any improvement ~~with~~ **with a market value of** more than 10% of the *current value* of a *property* to be reinstated may apply for compensation for his/her interest in the *property*. ~~which shall be paid by the Property Board on the basis of the market value of the improvement.~~
2. The *dispossessed owner* shall be entitled to retain any improvement on the *affected property* after *reinstatement*, provided s/he pays the *market value* of the improvement to the Property Board.
3. The *dispossessed owner* shall not be required to make such a payment if s/he satisfies the Property Board that the improvement is inappropriate for or irrelevant for his/her intended future use of the *property* for his/her own purposes, provided the intended future use is more or less similar to its use prior to dispossession. If the Property Board subsequently finds that the *dispossessed owner* or any successor in title makes use of the improvement, the Property Board may pursue him/her to recover the amount of compensation paid to the owner of the improvement under paragraph 1 of this Article.

Section C: Sale, exchange and long-term lease

Article 19 *Option to sell, exchange or lease*

1. *Properties* eligible for *reinstatement* may be sold, exchanged or leased on a long-term basis (20 years or longer) to *current users* or other people hailing from the <component state> in which the *property* is located, at any time prior to the final determination on *reinstatement*, in accordance with these provisions.
2. *Dispossessed owners* and *current users* may seek the assistance of the Property Board with the sale, exchange or lease of such *properties*.

Article 20 *Incentives for dispossessed owners to sell, exchange or lease*

Dispossessed owners shall be offered incentives to sell, exchange or lease on a long-term basis their *properties* according to Article 18, including:

- a. Exemptions for such *properties* from being counted for the purposes of determining when agreed levels of *reinstatement* have been reached;
- b. Exemptions from taxes, governmental fees, charges and duties payable on signing of instruments, or on completion and registration of transfers or leases of such *properties*;
- c. Exemptions or substantial reductions in taxes on capital gains derived from transfers or from rental income under such leases;
- d. Exemptions from any incidental taxes, governmental fees, charges and duties relating to sale, exchange or lease of such *properties*;
- e. Exemptions from *property* taxes for the duration of such leases; and
- f. Such other additional incentives as the <common state> and the <component states> may choose to provide.

Part III: LOSS OF USE

Article 21 *Compensation for loss of use*

Any claims for compensation for loss of use of an *affected property* for any period commencing with dispossession shall be considered by the <component state> from which the claimant hails, taking into account:

- a. Benefits previously enjoyed by the *dispossessed owner* on the grounds of his/her displacement; and
- b. Any entitlements received by or payable to the *dispossessed owner*, whether before or after the Foundation Agreement, for the period of lost use.

Part IV: JUDICIAL REVIEW

Article 22 *The Property Court*

1. A Property Court shall be established with power to conduct final judicial review of decisions of the Property Board.
2. The Property Court shall be composed of an uneven number of judges. This number shall be specified by the Chief Justice of the Supreme Court after consultation with members of the Supreme Court, and shall

include an equal number of judges from each of the <component states> and no less than three non-Cypriot judges who are not citizens of Greece, Turkey or the United Kingdom. The Chief Justice and judges of the Property Court shall be chosen in the same manner and for the same term of office as judges of the Supreme Court, unless the Supreme Court decides otherwise.

3. Decisions of the Property Board shall not be subject to appeal or challenge in any <component state> court or otherwise, except by way of judicial review by the Property Court in accordance with the law and these provisions.
4. Decisions of the Property Court shall not be subject to further review or appeal to the Supreme Court.
5. An application for judicial review of a Property Board decision may be made to the Property Court by any party with a legal interest in the decision or the *property* in question, within 60 days of publication of the decision by the Property Board in accordance with its rules.
6. The Property Court shall have power to levy fees upon parties for procedural steps in initiating and contesting matters before it.
7. The Property Court shall continue in operation until such time as the Supreme Court may decide to assume its functions.

Part V: AMENDMENT

1. These provisions may be amended by the executive heads of the <component states> acting by consensus and with the approval of the legislatures of both <component states>.
2. The text of any proposed amendment shall be agreed between the executive heads of the <component states> and submitted in identical form to each <component state> legislature. It shall come into force 30 days after its approval by both legislatures.

ATTACHMENT 1: DEFINITIONS

Article 1 Definitions

In Annex VII and its attachments, the following terms are defined as:

1. *Affected property* – immovable *property* in Cyprus which the owner, being a natural or legal person, left or of which s/he lost use and control as a consequence of intercommunal strife, military action or the unresolved division of the island between December 1963 and entry into force of the Foundation Agreement, and which has not since been reinstated to the owner (**or his/her heir, personal representative or successor in title**), and over which s/he has not regained use and control. *Affected property* shall not include any *property* which was voluntarily sold, transferred or otherwise permanently disposed of by the owner, **to a person who was able to gain effective control over the property**, including through compulsory acquisition or expropriation (provided such compulsory acquisition or expropriation was carried out in accordance with international standards, including through payment of full and effective compensation). The onus of proof of any such voluntary transfer or lawful expropriation shall lie with the transferee or his/her successor in title. In the absence of evidence to the contrary for the individual case in question, dispossession shall be presumed to have been unlawful and/or involuntary. **People who are successors in title of dispossessed owners and have not been able to gain effective control over the relevant affected property shall be treated in the same manner as the dispossessed owners themselves would be.**
2. *Alternative accommodation* – residential housing for people affected by the return and *reinstatement* of owners, who satisfy eligibility requirements. Such accommodation shall at least be of a level which is comfortable by reasonable modern standards (including being connected to public utilities where available, such as water and electricity); provides a reasonable ratio of living space for the number of household members which it must accommodate; is no less than [insert minimum number of square metres for an individual and minimum number of square metres for each additional person]; and, where practicable, is comparable to the residence which the recipient is vacating or which s/he possessed prior to his/her displacement (up to a maximum standard to be defined in regulations of the Property Board).
3. *Current user* – a person who has been granted a form of right to use or occupy *property* by an authority under a legal or administrative process established to deal with *property* belonging to *dispossessed owners*, or any member of his/her family who has a derivative right to use or occupy such *property*, or **his/her heir or any successor in title**. The definition does not include any person who occupies or uses a *property* without

any legal, administrative or formal basis, nor any person using or occupying *property* under a lease contract from a private person, nor any military force, body or authority.

4. *Current value*³¹ – value of a *property* at time of dispossession, plus an adjustment to reflect appreciation based among other things on increase in average sale prices of *properties* in Cyprus in comparable locations³² in the intervening period up to the date of entry into force of the Foundation Agreement. **The current value of property shall be assessed as at the date of entry into force of the Foundation Agreement. This value shall bear interest, at the same rate as interest on compensation bonds, from the date of entry into force of the Foundation Agreement until compensation bonds are issued.**
5. *Dispossessed owner* - a natural or legal person who, at the time of dispossession, held a legal interest in the *affected property* as owner or part owner, or his/her legal heir, **personal representative or successor in title, including by gift.**
6. *Institutions* – entities other than natural persons, including privately or publicly-owned or controlled bodies, such as public or private trusts, religious *institutions*; military forces and companies (other than sole corporations).³³
7. *Market rent* – the amount of rent which could be charged for a *property* on the open market, based on an assessment of *market rents* paid for comparable *properties* in comparable locations at the time of assessment.³⁴
8. *Market value* - the amount for which a *property* could be sold on the open market, based on an assessment of purchase prices or amounts paid for comparable [propertie] in comparable locations at the time of assessment.³⁵
9. *Original state* - the state or condition of *affected property* at the time of dispossession of the *dispossessed owner*, not including improvements subsequently made by any party, **assessed at current value.**

³¹ **Observation:** Expert advice may be required from quantity surveyors, economists and/or specialists in property valuation on the final formulation of provisions relating to assessment of value.

³² **Observation:** The calculation of the increase should be based on the hypothesis that events between 1963 and 1974 had not taken place, i.e. not take into account depreciation in values due to those events; it should if possible therefore be based on comparable locations where property prices were not negatively affected by those events.

³³ **Observation:** This definition is not intended to include **private family corporations (whose shareholders are members of the same family), or corporations, the shareholders of which hold shares that relate to separate and self-contained tenements used for their own purposes.**

³⁴ **Observation:** provisions defining market rent and value may require review by relevant experts in valuation.

³⁵ **Observation:** provisions defining market rent and value may require review by relevant experts in valuation.

10. *Property* - immovable *property*, being land and fixtures attached to land (or **an ownership interest or undivided share** in such a *property*)].
11. *Reinstatement* – restitution through the award of legal and physical possession to the *dispossessed owner*, so as to enable him/her to exercise effective control over such *property*, including *use for his/her own purposes*.
12. *Religious site* – a mosque, church, chapel, cemetery, monastery, shrine, tomb or other place of worship.
13. *Significant improvement* – an improvement (including any new construction on *vacant* land) to an *affected property*, which was made between the time of dispossession and 31 December 2001, or based on a building permit issued prior to 31 December 2001, and **of which the market value is greater** ~~which has greater value~~ than the value of the *affected property* in its *original state*. ~~The value of an improvement shall be assessed on the basis of market value, while the value of affected property shall be assessed on the basis of current value.~~ **For the purposes of determining the ownership of the improvement, it shall not be considered as having attached to the land; the owner of the improvement, is the natural or legal person who paid for the improvement or his/her heir, personal representative or successor in title.** The burden of proof concerning the value, ownership and date of construction of any improvement lies on the owner of the improvement.
14. *Sufficient financial means* – income (taxable or otherwise) of more than X (X being the amount required to meet mortgage payments) or wealth of more than Y (Y being the amount required to purchase the currently-used *property* or *alternative accommodation*). Entitlements and interests in *affected property* shall be taken into account for the purposes of calculating wealth. The Property Board shall determine the amounts of X and Y and revise the amounts annually, based on market figures and expert input.
15. *Use for own purposes* – use and enjoyment of *affected property* by a person, his/her family member, employee or representative (other than a tenant) through regular personal use (not necessarily as a permanent residence). *Use for own purposes* shall not include selling, renting, transferring by gift or otherwise disposing of an interest in *affected property*.
16. *Vacant* - not used or occupied by a *current user* or any member of his/her family or successor in title who has a derivative right to use or occupy such *property*.

ATTACHMENT 2: THE CYPRUS PROPERTY BOARD AND COMPENSATION ARRANGEMENTS

Section A: Establishment, operation, powers, staff and costs of The Cyprus Property Board

Article 1 Establishment and conduct of the Cyprus Property Board

1. There shall be an independent, impartial, administrative body known as the Cyprus Property Board (hereafter the 'Property Board').
2. The Property Board shall act in accordance with the principles and terms of the Foundation Agreement and in particular with these provisions.

Article 2 Membership

1. The Property Board shall be composed of a total of seven members, being two members hailing from each <component state> and three non-Cypriot members who are not citizens of Cyprus, Greece, Turkey or the United Kingdom.
2. Members shall be legally qualified and of high moral and professional standing. Members shall be prohibited from holding any other <common state> or <component state> office during their membership of the Property Board.
3. The Cypriot and non-Cypriot members' remuneration shall be at the level of nine-tenths of the salary of the Cypriot and non-Cypriot judges of the Supreme Court respectively.
4. Within 30 days of entry into force of the Foundation Agreement, the Co-Presidents shall appoint by consensus the initial members of the Property Board. For subsequent appointments, the members shall be appointed by the executive heads of the <component states> acting by consensus.
5. The members shall elect from among their number a presiding member, who shall preside over the Board for a period of three years or until the end of his/her term, whichever is the sooner.
6. The members of the Property Board shall be appointed for a term of three years. At the end of each three-year term, each member shall be replaced or reappointed for a further term. Members may resign with 90 days prior notice. The Supreme Court may remove any member upon the application of the <common state> or either <component state> in

case of misconduct or grave breach of the member's duties. In case of any vacancy, a new member shall be appointed within 45 days of notice of the vacancy or of its occurrence, whichever is the sooner.

7. If there is failure to agree on the appointment of any member of the Property Board in the time specified under these provisions, the Secretary-General of the United Nations or his representative, ~~shall~~ **is invited to** appoint a replacement member to hold office for a minimum of eighteen calendar months.

Article 3 Powers

The Property Board body shall have the power to:

- a. Receive and rule on claims for *affected property*;
- b. Decide any question or dispute before it regarding claims, entitlements of *dispossessed owners*, *current users* or owners of improvements, allegations of sale under duress, *property* valuation, right of first refusal or title to or other rights in respect of *affected property*;
- c. Decide in individual cases on, and set and revise scales and values for the purposes of calculating compensation for *affected property* and improvements; rent, sale and purchase amounts; entitlements to *alternative accommodation* and other amounts under these provisions;
- d. Demand and receive prompt, full and unhindered access to any and all records, archives, databases or other information regarding *property* in Cyprus, and to any and all *property* in Cyprus for the purpose of inspection, valuation and assessment related to its tasks and operation, and to receive copies or extracts of information, without fee, tax or other charge;
- e. Order or procure the registration of interests in *affected property* or correction of entries in the relevant Land Titles Register or other records, based on entitlements under these provisions or other applicable law;
- f. Refer any question arising in respect of an *affected property* to another competent court or authority, as appropriate and for finalisation or any interim or other ruling;
- g. Order the suspension of any proceeding in any court or other authority, or any physical alterations (other than minor or emergency maintenance) with respect to *affected property*;
- h. Order or procure the completion of any steps as required to transfer interests in *affected property* or, where necessary, partition *affected property*, under these provisions or other applicable law;
- i. Issue legally binding orders to competent <common state> or <component state> bodies as required to implement its decisions;

- j. Acquire and deal with *affected property* in a responsible manner under these provisions, including the administration and disposal of *affected property* transferred to it or coming under its control;
- k. Facilitate the provision and allocation of *alternative accommodation*;
- l. Assist persons, upon their request, in the sale, lease or exchange of *affected property*;
- m. Collect damages from and issue fines against any persons found responsible for damaging or destroying *affected property*;
- n. Administer and/or supervise a preferential loans scheme under these provisions;
- o. Adopt such rules, regulations, procedures, forms and other instruments as required for the performance of its functions;
- p. Consult and seek recommendations from qualified experts to assist in the performance of its functions, including experts in valuation, economics, law, *property* markets, quantity and land surveying, registration, mapping and others; and
- q. Perform other tasks, including those which may be assigned to it by the <common state> or either <component state>, or which are incidental or related to the performance of its functions.

Article 4 *Obligations of the <common state> and the <component states> in respect of the Property Board*

- 1. The <common state> and the <component states> shall take all steps as required to implement these provisions in good faith and in a timely manner.
- 2. In order to fulfil their obligations under these provisions, the <common state> and the <component states> shall, among other things:
 - a. Cooperate fully with the Property Board, and respect, recognize and comply with its decisions in accordance with their legally binding nature, **including by officially publishing its decisions at the request of the Property Board**;
 - b. Implement the decisions of the Property Board fully and promptly;
 - c. Cooperate with other relevant *institutions* dealing with *affected property* under these provisions;
 - d. Provide the Property Board with prompt, full and unhindered access to any and all records, archives, databases or other information regarding *property* in Cyprus, and to any and all *property* in Cyprus for the purpose of inspection, valuation and assessment related to its tasks and operation, and to provide copies or extracts of information, without fee, tax or other charge;
 - e. Adopt special measures, including at the request of the Property Board, to ensure the physical protection of *property* from damage or destruction; and
 - f. Act otherwise as necessary to respect *property* rights.

3. The <common state> and the <component states> shall adopt and enforce any legislation, regulations, procedures, orders, instructions, practice notes and other legislative instruments as necessary or appropriate to acknowledge the binding force of Property Board decisions, and ensure their enforcement and implementation, including as necessary through local administrative bodies, police or other agents. Such legislative instruments shall be drafted in consultation with the Property Board.
4. In case the <common state> or a <component state> fails within one year after entry into force of the Foundation Agreement to adopt laws for enforcement and implementation of decisions of the Property Board, the Property Board shall issue rules providing for enforcement and implementation of its decisions, which shall come into force as binding legislative instruments of the <common state> or the relevant <component state>, and which shall remain in force until the <common state> or the relevant <component state> enacts effective laws in fulfilment of its obligations under these provisions.

Article 5 *Obligations of <common state> and <component state> courts and competent authorities*

1. The courts, administrative bodies and other authorities of the <common state> and the <component states> shall cooperate with the Property Board and acknowledge the legally binding force of its decisions, and shall take any steps as necessary to implement and enforce its decisions.
2. If the Property Board refers a question to a court or other competent authority, such court or authority shall hear and determine the claim on its merits and shall not reject or refuse to decide the claim solely on the grounds that the claim is out of time or that any applicable limitation period has expired.
3. The <component states> shall put land for *alternative accommodation* at the disposal of the Property Board, ~~without payment~~, including, where necessary, through expropriation (**against full and effective compensation**). In allocating such land, the <component states> shall take into account the need for relocating persons, in particular those from areas subject to territorial adjustment, to be able adequately to earn their livelihood.³⁶

Article 6 *Staff*

The Property Board shall employ a director who, under the supervision of the members of the Property Board, shall be responsible for the administration and management of the work of the Property Board. The director may employ

³⁶ **Observation: The Property Board shall not have to pay for such land.**

staff qualified in law, valuation, land titles, records management, economics, accountancy, information technology, mediation and other forms of dispute resolution, *property* management and other technical and relevant fields, to assist and perform the work of the Property Board.

Article 7 *Costs*

1. The costs of establishing and running the Property Board shall be met by the <common state>, which may request contributions from the guarantor states and other international donors.
2. The Property Board shall prepare an annual budget for its running costs in accordance with the relevant public service scales of remuneration and, in the case of non-Cypriot employees, United Nations guidelines. The <common state> shall pay the budgeted amount for such running costs to the Property Board before the beginning of each financial year. Any surplus funds at the end of each financial year shall be repaid to the <common state>, and any shortfall shall be met by the <common state>.
3. The Property Board shall submit its running costs and other accounts to independent audit each financial year, and the audit report shall be publicly available.
4. Should any additional task or function be assigned to the Property Board, the <common state> or any <component state> which assigns such task or function shall provide or procure the provision of resources to enable the Property Board to perform the task or function.

Article 8 *Period of operation of the Property Board*

1. Ten years after entry into force of the Foundation Agreement, the Property Board shall be wound up. If the Property Board by that date has not completed determination of all claims or any other task before it, the Supreme Court may extend the period of operation of the Property Board for one year at a time. In case of such an extension, the Supreme Court may order retention by the Property Board of specified assets to enable it to continue its work in accordance with these provisions.
2. The Property Board may decide, by majority of five to two and subject to the approval of the [executive heads] of the <component states> acting by consensus, to wind itself up on a date earlier than ten years after commencement of its operations, provided that its work has been completed or appropriate provision has been made for transfer to a competent body of any outstanding functions or matters.
3. The Supreme Court may, upon application by the Property Board or by the [executive heads] of the <component states> acting by consensus, extend the period of operation of a specific section or sections of the Property Board for one year at a time, in order to enable completion of a

specified function, and may order retention by that section or sections of specified assets to enable the continuation of work. Notwithstanding any such limited extension of operation of a particular section or sections, the Property Board shall be considered to be wound up for the purposes of these provisions, unless the Supreme Court orders otherwise.

4. For the purposes of hearing and determining disputes over claims, entitlements of *dispossessed owners*, *current users* or owners of improvements, *property* valuation, right of first refusal, or title to or other rights in respect of *property*, the relevant section of the Property Board shall continue in operation for as long as the Supreme Court deems fit.
5. Prior to its winding-up, the Property Board shall make arrangements for the completion of any tasks or functions assigned to it under these provisions, including any claims or disputes which are pending or which may arise in future. For this purpose, it may refer or request the Supreme Court to assign specified claims or cases to other competent bodies or courts or to a section of the Property Board, which will continue in operation by order of the Supreme Court. The obligation to ensure or make arrangements for completion of any tasks or functions under these provisions shall also apply to any section of the Property Board which continues in operation for any extended period.
6. At the time of winding-up of the Property Board and each of its sections, each <component state> shall purchase any *property* or assets located within that <component state> which are still held by the Property Board, and which are no longer required for the purpose of carrying out its functions or the functions of any section which continues to operate for an extended period under this Article. Purchase shall be at a price equal to ~~market~~ **current value** at the time of sale and the proceeds shall be deposited in the Compensation Fund.

Section B: Handling of *property* transferred to or via the Property Board

Article 9 *Handling of property transferred to or via the Property Board*

1. The Property Board shall receive transfer of title to *affected property* which is:
 - a. Not claimed by a *dispossessed owner* within the time period set by these provisions for submission of claims;
 - b. Owned by a *dispossessed owner* who receives compensation from the Property Board or title to another *property* in exchange for his/her title; or
 - c. Owned by a *dispossessed owner* who disposed of his/her interest in an *affected property* of which s/he was the *current user*, in exchange

for transfer of title to such *affected property* to the subsequent purchaser (or his her successors in title) in accordance with Article 12.

2. In disposing of *property* transferred to it under these provisions, the Property Board shall, in this sequence:
 - a. Offer the *property* for sale to the *current user* at *current value*;
 - b. Offer the *property* for sale to persons hailing from the <component state> in which the *property* is located, at *current value*, including potentially in exchange for compensation bonds;
 - c. Use it as *alternative accommodation*; or
 - d. Otherwise dispose of it in a prudent manner, at *market value*, to generate funds for compensation purposes.
3. In all cases and at all times, the Property Board shall supervise management of *property* transferred to it or otherwise under its control in a prudent manner and in accordance with these provisions.
4. All funds generated from the sale or use of *affected property* held by the Property Board shall be deposited into the Compensation Fund.

Section C: Decision-making and claims for affected property

Article 10 *Decision-making*

1. The Property Board shall aim to reach all decisions by consensus. If the members are unable to reach consensus on a decision, the decision shall be taken by majority vote.
2. The Property Board shall consider any relevant material or evidence put before it in respect of any claim for *affected property* or any other matter which is within its jurisdiction or decision-making power.

Article 11 *Claims procedure*

1. A *dispossessed owner* shall be entitled to file a claim with the Property Board for recognition of his/her interest in or title to *affected property*. In filing a claim for recognition of an interest or title, a claimant shall also specify how s/he seeks to exercise his/her *property* rights, namely by way of:
 - a. Compensation;
 - b. *Reinstatement*; or
 - c. Sale, exchange or lease.

2. A *current user* of an *affected property* who is also a *dispossessed owner*, or a person who owns a *significant improvement* to an *affected property* may apply to receive title to such *properties*.
3. Claims or applications for transfer of title must be filed within a period of one year, commencing on a date to be determined by the Property Board which shall be no later than one year after entry into force of the Foundation Agreement. The decision fixing the relevant date shall be published in the Official Gazettes of the <common state> and the <component states>, in the most widely circulated newspaper of each <component state> and in any other such appropriate manner as determined by the Property Board.
4. A claim or application shall be filed together with certified copies of any available evidence of the claimant's or applicant's interest in or title to the *affected property*.
5. Holders of a part interest in or title to an *affected property* shall, wherever possible, file joint claims.
6. **A dispossessed owner who does not file a claim within the stipulated period and can show good cause why s/he did not or was not able to do so, is entitled to compensation.**
7. Further detailed requirements for the filing and determination of claims and applications in respect of *affected property* shall be set out in rules, regulations, procedures, forms, evidence and any other instruments adopted by the Property Board in accordance with these provisions.

Article 12 *Determination of claims and applications*

1. Upon receipt of any claim for *affected property*, the Property Board shall, following any necessary investigation and verification, determine whether the claimant has a lawful interest in the *property*.
2. Upon receipt of any application with respect to *affected property*, the Property Board shall, following any necessary investigation and verification, determine whether the applicant has a sufficient interest in the *property* under these provisions.
3. If the Property Board determines that the claimant or applicant is not the sole *dispossessed owner* or person with an interest in the *affected property*, it shall make reasonable efforts to contact the other interested parties, including the *current user*, before deciding the claim or application.
4. The Property Board shall then determine whether the claimant or applicant is entitled to exercise his/her rights in the manner requested in the claim or otherwise under these provisions.
5. In its decision, the Property Board shall, if possible, state the name and interest of any other holder of a lawful interest in the *property*. Where it

has been unable to locate or contact such persons before deciding the claim or application, it shall publish its decision in an appropriate manner.

6. In its decision, the Property Board shall also indicate the steps necessary for the execution or implementation of the decision and, where appropriate, shall order that they be taken within specified time frames.
7. If the Property Board decides that a claimant or applicant has no legal interest in the claimed *affected property*, it shall reject the claim or application. At the same time, it may decide on the interests of the other parties to the proceedings and issue orders with respect to the *property* as appropriate.

Article 13 *Decisions on reinstatement*

1. Upon determination that a *property* is eligible to be reinstated, the Property Board shall inform the claimant of its decision. It shall hold the case as pending until all claims for *reinstatement* have been reviewed, in order to determine the priority for *reinstatement* in accordance with Article 15 of Annex VII.
2. The Property Board shall endeavour to determine the eligibility of all claims for *reinstatement* before issuing final decisions on *reinstatement*. If the determination of eligibility in some cases is delayed, because of exceptional circumstances, the Property Board may issue final decisions on *reinstatement* as soon as it has determined the eligibility of at least 90% of the claims for *reinstatement*. *Reinstatement* shall only be granted in the delayed cases if the agreed levels for *reinstatement* have not yet been reached, irrespective of the priority that the claimant might otherwise have had.
3. The Property Board shall issue final decisions on *reinstatement* of *properties* that are not subject to the agreed levels of *reinstatement* in Article 15 of Annex VII as soon as it has determined their eligibility for *reinstatement*.
4. Upon issuing a final decision on *reinstatement*, the Property Board shall inform the *current user* of the *affected property* of the decision, of his/her obligation to vacate the *affected property* and of his/her rights to *alternative accommodation*; it may also inform the authorities of the relevant <component state> responsible for enforcement and implementation of the decision.
5. *Reinstatement* shall only occur after the *current user* has been provided with *alternative accommodation* or the final deadline for vacating the *property* as determined by the Property Board in accordance with Attachment 3 has expired, whichever is the sooner.

Section D: Assistance with sale, exchange or lease

Article 14 Assistance with sale, exchange or lease

1. A *dispossessed owner* may request the Property Board for assistance in connection with:
 - a. Sale of an interest in *affected property*;
 - b. Exchange of *affected property* for another *property* of similar value in the <component state> from where he/she hails;
 - c. Purchase of an interest in *affected property*; or
 - d. The leasing of *affected property*.
2. A *current user* or other person may request the Property Board for assistance in connection with the purchase, exchange or acquisition of a leasehold interest in a *property*, which, if available, could enable him/her to vacate the *affected property*.
3. The Property Board shall maintain a register of interested *dispossessed owners*, *current users* and others who wish to engage in sale, exchange or lease transactions and keep a record of such transactions.
4. Upon the request of a *dispossessed owner*, *current user*, or other person wishing to engage in a sale, exchange or lease transaction, the Property Board may:
 - a. Offer basic advice and assistance on options and implications of sale, exchange or lease transactions;
 - b. Provide services through mediation to facilitate sale, exchange or lease transactions between interested parties, on an anonymous or open disclosure basis, as preferred by the parties; or
 - c. Provide information about potential sale, exchange or lease counterparts from its sale, exchange and lease register, to other bona fide interested parties, in cases where the relevant person has given consent to disclosure of such information.

Article 15 Standard form lease

The Property Board shall provide on request a standard form of lease agreement.

Article 16 Sale, exchange and lease: other assistance

1. The Property Board shall refer any interested party on request to a list of real estate agents of a high professional standard, who are acting in one or both <component states> and who can assist persons seeking advice regarding sale, exchange or lease transactions in one or both <component states>.

2. Subject to these provisions, the Property Board's involvement in a sale, exchange or lease transaction shall be limited to conveying information between the counterparts to the potential transaction. The Property Board shall not be responsible for negotiation or completion of contractual arrangements, nor any resulting dispute or loss.

Section E: Compensation fund and bonds

Article 17 Compensation Fund

A Compensation Fund shall be established in the Central Bank of Cyprus and administered by the Property Board. The <common state> shall provide the initial capital of X [insert figure] to the Fund. In addition, the Fund shall receive all proceeds from the use or disposal of *property* that has been transferred to the Property Board and contributions from international donors.

Article 18 Use of compensation bonds³⁷

1. The Property Board shall issue bonds drawn on the Compensation Fund, known as 'compensation bonds'.
2. Compensation bonds shall bear interest of X % [insert figure] per year³⁸.
3. Compensation bonds may be used by holders for the following purposes:
 - a. To purchase *affected property* from the holdings of the Property Board at *current value*; or
 - b. To procure the payment by the Property Board of a deposit for purchase of *alternative accommodation* on the open market; or
 - c. For sale to any person, who thereby acquires all entitlements of the initial holder.
4. Compensation bonds and interest thereon shall be guaranteed by the <common state>.
5. X years [insert figure] after entry into force of the Foundation Agreement, compensation bonds shall be redeemable for cash from the Compensation Fund. Thereafter, the Compensation Fund shall be wound up and the <common state> shall receive any surplus remaining in the Fund or cover its deficit, as applicable. Proceeds of any subsequent sale of *affected property* from the holdings of the Property Board shall go directly to the <common state>, which shall be obliged to

³⁷ **Observation:** Expert banking advice is needed on the question of the issuing, value and use of compensation bonds

³⁸ **Alternative:** interest could be set could be interest 'at the same rate as <common state> government bonds'.

pay any compensation which may be awarded by the Property Board after the winding-up of the Compensation Fund.

ATTACHMENT 3: MEASURES IN FAVOUR OF CURRENT USERS

Section A: Extension of deadlines for vacating affected property

Article 1 *Property occupied by current users with sufficient financial means*

1. A *current user* of a *property* designated for *reinstatement*, with *sufficient financial means*, may apply to the Property Board for an extension to enable him/her to continue to use the *property* for his/her own purposes for up to three years after the Property Board's decision.
2. An application for an extension shall be granted by the Property Board unless and up to the time when it is found that the *current user* is not using the *property* for his/her own purposes, or that the *current user* has immediate access to *alternative accommodation*.
3. The Property Board may extend the time limit under this Article in cases of urgent humanitarian need, as determined by the Property Board.
4. The *current user* shall pay *market rent* to the Property Board for the period of continued use of the *affected property* from the date of the Property Board's decision on eligibility for *reinstatement*.
5. At the end of the period fixed by the Property Board, the *current user* shall vacate the *affected property*.

Article 2 *Property occupied by current users without sufficient financial means*

1. A *current user* of a *property* designated for *reinstatement*, without *sufficient financial means*, who is a Cypriot citizen and is using the *property* for his/her own purposes, shall not be required to vacate the *property* until *alternative accommodation* is made available for them or until they are able, including through the provision of preferential loans or other assistance, to buy or lease on the market a *property* which meets the standard of *alternative accommodation*.
2. Such *current users* may apply to the Property Board for:
 - a. Assistance to purchase or lease *alternative accommodation*, in the form of preferential loans under these provisions; or
 - b. In cases of urgent humanitarian need and where not eligible for preferential loans, the allocation of low-cost or cost-free *alternative accommodation* from the holdings of the Property Board. The

Property Board shall grant such applications to persons meeting its criteria, provided that *alternative accommodation* is available in its holdings.

3. ~~A *current user of a property*~~ Current users of properties designated for *reinstatement*, without *sufficient financial means*, who ~~is a legal resident but not a citizen of~~ are not citizens of Cyprus **but enjoy permanent residence** and are using the *property* for their own purposes, may apply for social housing or other housing assistance, or for financial assistance from the <component state> of which they ~~are legal residents~~ **enjoy permanent residence**. Such *current users* shall not be required to vacate the *property* until such housing or financial assistance is available, up to a maximum of two years after the Property Board's decision on eligibility for *reinstatement*.
4. The Property Board shall charge rent to any *current user* without *sufficient financial means*, up to the maximum amount possible based on his/her income and wealth.

Article 3 *Payment of rent to dispossessed owner up to reinstatement*

The Property Board shall pay *market rent* to the *dispossessed owner*, effective from the date of the decision of the Property Board that the *property* is eligible for *reinstatement* up to the date on which *reinstatement* occurs.

Section B: Preferential loans

Article 4 *Preferential loans*

1. The Property Board shall oversee and administer a preferential loans scheme with the assistance of international and local banks, the <common state>, the <component states> and other donors. The <common state> shall provide funds from its budget to support the scheme.
2. Under this scheme, preferential loans shall be made available on favourable terms for *dispossessed owners*, *current users of affected property* and owners of *significant improvements to affected property* who are Cypriot citizens and who are without *sufficient financial means*, in order to facilitate the purchase, lease or reconstruction of *property* (including the purchase of significantly improved *property*) or make payments required under these provisions.
3. Loans under this scheme will be made available to people who meet the criteria on condition that they agree to a 20 year moratorium on sale of any *property* which they purchased or reconstructed or for which they received title after making a payment to the Property Board with

preferential loan funds. This moratorium period may be shortened or waived with the authorization of the Property Board.

Section C: Right of first refusal

Article 5 Right of first refusal for current user and others in sales of affected property

1. For a transitional period of 20 years after entry into force of the Foundation Agreement, any sale of a **an affected property** to a person who has not been a legal resident **enjoyed permanent residence** for at least three years of in the <component state> in which such *property* is located, is subject to a right of first refusal by a *current user*, who is a Cypriot citizen, at the proposed contract price. Such right shall apply:
 - a. For as long as the *current user* continues to use such *property*, and
 - b. For five years thereafter, if the *current user* has vacated it to allow *reinstatement* of the *dispossessed owner*.
2. If the *current user* does not exercise the right of first refusal under the previous paragraph, any other person hailing from the <component state> in which the relevant *property* is located shall have a secondary right of first refusal, at the contract price.
3. Rights of first refusal under this Article may be exercised within 45 days after the *dispossessed owner* signs a sales contract with a potential purchaser, and at the same price as stated in any such contract.
4. Any dispute regarding rights of first refusal shall be referred to the Property Board. The <component states> shall enact harmonized legislation as required to regulate and ensure enforcement of contracts concluded under these provisions for rights of first refusal, and otherwise between *current users* and persons hailing from different <component states>.

ATTACHMENT 4: PROPERTY LOCATED IN AREAS SUBJECT TO TERRITORIAL ADJUSTEMENT

Article 1 *Application of these provisions to property in areas subject to territorial adjustment*

The Articles in this Attachment shall prevail over the other provisions of Annex VII and its other attachments in relation to *affected property* and other *property* in areas subject to territorial adjustment. Where there are no specific provisions in this Attachment, the other provisions of Annex VII and its other attachments shall apply.

Article 2 *Reinstatement of dispossessed owners*

1. Subject to the modalities and conditions established in this Attachment, any *dispossessed owner* of a *property* in areas subject to territorial adjustment shall be entitled to *reinstatement*.³⁹
2. The Property Board shall issue final decisions on *reinstatement* of *properties* located in areas subject to territorial adjustment, as soon as it has determined that *property* is eligible for *reinstatement* and shall order that such *reinstatement* take place as soon as the *current user* has been relocated, but no later than three years after entry into force of the Foundation Agreement.
3. The general moratorium and agreed maximum levels on *reinstatement* under Annex VII shall not apply to areas subject to territorial adjustment nor shall provisions permitting transfer of *properties* to a *current user* or a subsequent purchaser.
4. ~~The Property Board shall deal with claims regarding *property* in areas subject to territorial adjustment on a priority basis.~~ **The Property Board shall deal with claims regarding affected property of dispossessed owners currently living in areas subject to territorial adjustment, the claims of the current users of those properties and the claims of dispossessed owners of affected properties in areas subject to territorial adjustment, in that order of priority.**

Article 3 *Improved properties*

1. The *dispossessed owner* of any improved *property* shall pay the *market value* of ~~the~~ **any** improvement worth more than 10% of the value of the *property* in its *original state* to Property Board. The owner of the

³⁹ **Observation:** It is understood that a dispossessed owner of an affected property in an area subject to territorial adjustment whose property can be reinstated shall not have the option of claiming compensation.

improvement is entitled to seek compensation from the Property Board for its *market value*.

2. If the *dispossessed owner* satisfies the Property Board that an improvement worth less than the value of the *property* in its *original state* is inappropriate for his/her intended use of the *property* which is similar to the use prior to dispossession, the *dispossessed owner* shall not be required to pay for the improvement. The Property Board may recover any compensation paid to the improver if it subsequently finds that the *dispossessed owner* makes use of the improvement.
3. Where the **market** value of the improvement is greater than **the value** ~~that~~ of the *property* in its *original state* and the *dispossessed owner* is not prepared to pay for it, the owner of the improvement may apply to receive title to the *property* in exchange for payment of the *current value* of the ~~original unimproved~~ *property in its original state*. The *dispossessed owner* shall retain a right of first refusal for a period of 20 years after entry into force of the Foundation Agreement, for any contract for sale, exchange or **long-term** lease of the *property*, at the proposed contract price.

Article 4 *Owners of property in areas subject to territorial adjustment who wish to leave*

An owner of *property* in an area subject to territorial adjustment who vacates such *property* after entry into force of the Foundation Agreement may claim compensation from the Property Board for such *property* at *current value* in exchange for his/her title to such *property*, provided s/he can produce evidence of ownership before 1974 or of bona fide transfer from the 1974 owner.

Article 5 *Current users of property in areas subject to territorial adjustment*

1. A *current user* of *property* in an area subject to territorial adjustment who is a Cypriot citizen may choose to:
 - a. Remain in that area and purchase *property* there;
 - b. Receive *alternative accommodation* in that area, if entitled under these provisions (see Attachment 3);
 - c. Claim *reinstatement* of his/her own *affected property*; or
 - d. Be relocated in the other <component state> and purchase *property* or receive *alternative accommodation* there, if entitled under these provisions (**see Annex VI**).
2. A *current user* who is not a Cypriot citizen may seek housing or financial assistance from the <component state> in which s/he is ~~legally resident~~. **Enjoys permanent residence or apply for assistance according to Annex VI.**

DRAFT ANNEX VIII: RECONCILIATION COMMISSION

Article 1 *Establishment*

1. There shall be an independent, impartial Reconciliation Commission.
2. The authorities of the <common state> and the <component states> shall render the Commission full cooperation and shall issue instructions to that effect to all concerned.

Article 2 *Aims*

With the objective of promoting understanding, tolerance and mutual respect between Greek Cypriots and Turkish Cypriots, the Reconciliation Commission shall, *inter alia*:

- a. Promote a dispassionate dialogue between Greek Cypriots and Turkish Cypriots regarding the past, by addressing, *inter alia*, historical perspectives, experiences, and memories;
- b. Prepare a comprehensive report on the history of the Cyprus Problem as experienced and interpreted by Greek Cypriots and Turkish Cypriots;
- c. Make specific recommendations for action by the <common state> and the <component states> aimed at promoting reconciliation, including guidelines for publications and school textbooks so as to promote mutual understanding of different perspectives on the past;
- d. Make recommendations for the implementation of the requirement in the Constitution for the teaching of the official languages to all secondary school students; and
- e. Make recommendations on guidelines for the observance of secular public holidays by the <component states>.

Article 3 *Powers*

1. In furtherance of these aims the Reconciliation Commission may, among other things:
 - a. Convene public or private hearings and set up research groups or committees to discuss and/or inquire into questions, facts, events and time periods related to its work;
 - b. Receive information from varied sources, from parties, governments or individuals inside or outside Cyprus;
 - c. Consult experts in relevant fields;

- d. Request and receive prompt, full and unhindered access to any and all records, archives or information;
 - e. Prepare and publish interim reports, findings and recommendations;
 - f. Adopt and publish rules, regulations and procedures required for the performance of its functions; and
 - g. Perform other tasks which may be incidental or related to the performance of its functions.
2. The Commission shall have no prosecutorial or other criminal legal function or powers.
 3. The Commission may decide to protect the confidentiality of its sources and proceedings.
 4. The work, proceedings, reports and recommendations of the Commission shall be without prejudice to the work of other existing bodies or committees, including the Committee on Missing Persons in Cyprus.

Article 4 *Composition*

1. The Reconciliation Commission shall be composed of [five/seven/nine] men and women, **including at least one non-Cypriot member**, committed to reconciliation in Cyprus and possessing appropriate integrity, credibility and expertise., ~~comprising an equal number of Greek Cypriots and Turkish Cypriots, as well as at least one non-Cypriot member.~~ **The Cypriot members shall hail in equal numbers from each <component state>.**
2. The Secretary-General is invited to appoint the members of the Commission, after consultation with the two sides and the public, and to appoint any replacements in the same way.
3. The Commission shall be assisted by a group of qualified staff.

Article 5 *Duration*

1. The process of consultation for appointment of the members of the Reconciliation Commission shall commence no later than 60 days after entry into force of the Foundation Agreement. The Commission members shall be appointed within a further 60 days and be inaugurated within a further two weeks.
2. Unless the Secretary-General, in consultation with the two sides and the members of the Commission, decides to grant an extension of up to six months, the Commission shall submit its final report on its conclusions and recommendations no later than 30 October 2005.

Article 6 Costs

The costs of establishing and running the Reconciliation Commission shall be met by the <common state>, which may request contributions from the guarantor powers and other international donors.

Article 7 Recommendations and reports

1. The Reconciliation Commission shall submit its reports and recommendations to the Secretary-General of the United Nations, the <common state> and the <component states>.
2. The final report and all recommendations by the Reconciliation Commission shall be given wide dissemination by the <component states>. The final report shall be published in English, Greek and Turkish. The findings of the final report shall be reflected in relevant school textbooks

Article 8 Follow-Up Procedures

1. After the submission of the Commission's final report, a follow-up committee, appointed [insert method of appointment], shall monitor the implementation of the Commission's recommendations.
2. The authorities of the <common state> and each <component state> shall be required to submit reports every 120 days to the committee on the implementation of recommendations. Such reports shall explain the reasons for failure to implement specific recommendations.

[insert additional articles as necessary; including, *inter alia*, on procedures for public consultation regarding appointment of members; immunities; the giving of evidence; remuneration of Commission members, etc]

DRAFT ANNEX IX: COMING INTO BEING OF THE NEW STATE OF AFFAIRS

Article 1 Conduct of separate simultaneous referenda

1. Each side shall organise a referendum on 30 March, asking the following question:

“Do you:

- i) Approve the Foundation Agreement and all its Annexes, including the Constitution of Cyprus;
- ii) Approve the Constitution of the [Greek Cypriot/Turkish Cypriot] <component state> and the provision as to the laws to be in force for the <component state>;
- iii) Approve the terms of the draft Treaty between Cyprus, Greece, Turkey and the United Kingdom on matters related to the new state of affairs in Cyprus, and require the signature by the Co-Presidents of the Treaty;
- iv) Approve the accession of Cyprus to the European Union in accordance with the conditions of accession laid down in the draft Treaty concerning accession of Cyprus to the European Union, and require the signature and ratification by the Co-Presidents of the Treaty?

Yes []

No []”

2. The documents to be approved or being referred to in the referendum question shall be made available free of charge to any voter so requesting in Greek, Turkish or English and shall be placed on a common website in the same languages.

Article 2 Entry into force of the Foundation Agreement

At 00:00 hours the day after confirmation by the Secretary-General of its approval at separate simultaneous referenda, the Foundation Agreement shall immediately enter into force, thereby bringing into being a new state of affairs.

Article 3 *Flag-raising ceremonies*

Upon entry into force of the Foundation Agreement, there shall be ceremonies throughout the island at which all flags other than those prescribed in the Constitution shall be lowered, the flags of Cyprus and of the <component states> shall be raised in accordance with the Constitution of Cyprus and relevant legislation, and the anthems of Cyprus and of the <component states> shall be played.

Article 4 *The United Nations*

Upon entry into force of the Foundation Agreement, the Co-Presidents shall inform the United Nations that henceforth the membership rights and obligations of Cyprus in the United Nations shall be exercised in accordance with the new state of affairs. The agreed flag of Cyprus shall be raised at United Nations Headquarters.

DRAFT ANNEX X: CALENDAR OF IMPLEMENTATION

[insert calendar of implementation of obligations in the Foundation Agreement, as well as in other parts of the Comprehensive Settlement.]

APPENDIX B

MEASURES TO ACCOMPANY AND FACILITATE THE FINALIZATION PROCESS

During the period between the signature of the Comprehensive Settlement and the separate simultaneous referenda to approve the Foundation Agreement, the following provisions shall be applied:

Article 1 Finalization of Foundation Agreement

1. The two leaders shall make the finalization of the Foundation Agreement by no later than 28 February 2003 their primary aim and the primary aim of their authorities.
2. The two leaders shall restrict their activities, and the activities of their authorities, to business strictly indispensable for the functioning of their authorities. All actions shall take into account the letter and spirit of the draft Foundation Agreement.
3. Any indispensable business in the field of foreign relations shall be conducted in close consultation between the two leaders and shall promote the common interests of the two sides. There shall be no state visits.

Article 2 Committees to finalize Foundation Agreement

Upon signature of the Comprehensive Settlement, the two leaders shall appoint persons to participate in bilateral committees, which shall be chaired by United Nations representatives and shall make recommendations by consensus, prior to the end of the finalization period, on the finalization of the Annexes to the Foundation Agreement.

Article 3 Flag and anthem competition

A competition shall be conducted to conceive a flag and anthem for Cyprus, and a bilateral committee, chaired by the United Nations, shall make recommendations by consensus to the two leaders from among entries received.

Article 4 <component state> constitutions and legislation

1. Each side shall, without delay, make necessary preparations on <component state> matters to be put to referendum together with the Foundation Agreement. To this end,
 - a. Each side shall prepare a draft <component state> constitution consistent with the draft Constitution of Cyprus.
 - b. Each side shall prepare a provision specifying those laws that shall become laws of the respective <component state>, provided that such laws do not fall within the agreed sphere of competence of the <common state> and are also otherwise compatible with the Foundation Agreement.
 - c. Each side shall include the following provision in the draft <component state> constitution:
 - i) “<component state> laws adopted pursuant to a provision put to referendum together with the Foundation Agreement and this Constitution shall, as from entry into force of the Foundation Agreement, be applied in this <component state> with such modifications as may be necessary to bring them into conformity with the Foundation Agreement and the Constitution of this <component state>.
 - ii) No provision in any such law which is contrary to or inconsistent with any provision of the Foundation Agreement or this Constitution shall so continue to be in force.
 - iii) The term “modification” in the above paragraphs includes amendment, adaptation and repeal.”

Article 5 Measures to promote confidence

Steps shall be taken without delay to lift restrictions on trade, movement of tourists, and participation in international sporting and cultural activities.

- ~~2. Any restrictions on the freedom of movement of UNFICYP shall be terminated with immediate effect.~~

Article 6 Freedom of movement of UNFICYP

Any restrictions on the freedom of movement of UNFICYP shall be terminated with immediate effect.

Article 7 Selection of Board of Central Bank

1. **The two leaders shall by consensus select the three members of the transitional Board of the Central Bank who shall assume their duties immediately upon entry into force of the Foundation Agreement for a period of 15 calendar months.**

2. **If the two leaders fail to do so by 31 January 2003, the Secretary-General of the United Nations is invited to select the members of the transitional Board.**

Article 8 *Transitional Supreme Court judges*

1. The two leaders shall by consensus select, from a list of candidates presented by the presumed members of the transitional Judiciary Board, three non-Cypriot judges and three judges from each side to sit on the transitional Supreme Court of Cyprus ~~for a period of one year after~~ **who shall assume their duties immediately upon** entry into force of the Foundation Agreement **for a period of 15 calendar months.**
2. The presumed members of the transitional Judiciary Board in accordance with the provisions of the draft law shall within 30 days of signature of the Comprehensive Settlement meet upon the invitation of the United Nations in order to propose candidates for the transitional Supreme Court.
3. **If the two leaders fail to do so by 31 January 2003, the Secretary-General of the United Nations is invited to select the judges of the transitional Supreme Court.**

Article 9 *Import and distribution licenses*

The two sides shall conclude arrangements, without prejudice to the application of European Union law, for the purpose of ensuring that the Foundation Agreement and the new state of affairs shall not be construed as altering rights enjoyed by businesspeople under import and/or distribution licenses prior to entry into force of the Agreement, and that such licenses shall where possible be construed as licensing such persons to continue operating their businesses in their <component state> after entry into force of the Foundation Agreement.

Article 10 *Economic harmonization*

The two sides shall conclude arrangements to promote economic harmonization.

Article 11 *Missing persons*

The two leaders shall without delay take steps to conclusively resolve the issue of missing persons. Both sides shall cooperate fully with the Committee

on Missing Persons in Cyprus, in accordance with its terms of reference and keeping in mind their agreement reached on 31 July 1997. Each side shall carry out and conclude any and all necessary inquiries, including exhumations.

APPENDIX C

TREATY BETWEEN CYPRUS, GREECE, TURKEY AND THE UNITED KINGDOM ON MATTERS RELATED TO THE NEW STATE OF AFFAIRS IN CYPRUS

Cyprus, the Hellenic Republic, the Republic of Turkey and the United Kingdom of Great Britain and Northern Ireland,

- i. Welcoming the Comprehensive Settlement of the Cyprus Problem and the approval of the Foundation Agreement through separate referenda by the Greek Cypriots and the Turkish Cypriots, and the decision for Cyprus to accede to the European Union and*
- ii. Desiring to contribute to a peaceful and harmonious future for Cyprus and for Cyprus to be a bridge of friendship between Greece and Turkey within a peaceful environment in the Eastern Mediterranean*

Adopt the following provisions:

Article 1 Approval of Foundation Agreement

The annexed Foundation Agreement is herewith approved and agreed and shall be considered an integral part of this Treaty.

Article 2 Monitoring Committee

1. The parties agree on the creation of a Monitoring Committee composed of one representative of each guarantor power, two representatives of the <common state> government (one hailing from each <component state>), one representative of each <component state> and, pursuant to a decision of the United Nations Security Council, one representative of the United Nations who shall chair the committee.
2. The Monitoring Committee shall monitor the implementation of the Foundation Agreement, and may make recommendations regarding any development which may endanger its implementation.

Article 3 Additional Protocol to the Treaty of Guarantee

The annexed Additional Protocol to the Treaty of Guarantee is herewith approved and agreed, and shall enter into force together with this Treaty.

Article 4 *Additional Protocol to the Treaty of Alliance*

The annexed Additional Protocol to the Treaty of Alliance is herewith approved and agreed by the parties concerned, and shall enter into force for them upon signature together with this Treaty.

Article 5 *Transitional Security Arrangements*

The annexed Transitional Security Arrangements are herewith approved and agreed by the parties concerned, and shall enter into force for them upon signature together with this Treaty.

Article 6 *Entry into force*

1. This treaty shall enter into force upon signature.
2. The parties shall proceed as soon as possible to the registration of ~~the~~ **this** Treaty with the Secretariat of the United Nations, in accordance with Article 102 of the Charter of the United Nations.

DRAFT ANNEX I: FOUNDATION AGREEMENT

[insert text of Foundation Agreement as approved in separate simultaneous referenda]

**DRAFT ANNEX II: ADDITIONAL PROTOCOL TO THE TREATY
OF GUARANTEE**

Cyprus, Greece, Turkey and the United Kingdom of Great Britain and Northern Ireland have agreed as follows:

Article 1

1. The Treaty of Guarantee shall apply *mutatis mutandis* to the new state of affairs established in the Foundation Agreement and the Constitution of Cyprus, thereby covering, in addition to the independence, territorial integrity, security and constitutional order of Cyprus, the territorial integrity, security and constitutional order of its <component states>.
2. "Constitutional order" shall mean the Constitution of Cyprus, **as the case may be, and** the Constitution of each <component state>, including any amendments to any of them in accordance with the provisions for amendment laid down in the relevant constitution; ~~thus the references to "Basic Articles" in the Treaty shall be superseded."~~

Article 2

This Protocol shall enter into force upon signature. ~~and shall have precedence over other provisions of the Treaty of Guarantee.~~

Signature

Signature

Signature

Signature

Signature

Cyprus

Hellenic Republic

Republic of
Turkey

United Kingdom
of Great Britain
and Northern
Ireland

DRAFT ANNEX III: ADDITIONAL PROTOCOL TO THE TREATY OF ALLIANCE

Cyprus, Greece and Turkey

- i. Bearing in mind that in accordance with the Foundation Agreement and its Constitution, Cyprus shall be demilitarized*
- ii. Reaffirming their pledge to resist any attack or aggression against the independence or the territorial integrity of Cyprus*

Have agreed as follows

Article 1

The Treaty of Alliance shall apply and operate *mutatis mutandis* in accordance with the new state of affairs established in the Foundation Agreement and the Constitution of Cyprus, taking into account in particular the demilitarization of Cyprus.

Article 2

There shall be no Tripartite Headquarters. The provisions of the Treaty of Alliance shall apply *mutatis mutandis* to the commanders of the Greek and Turkish contingents, who shall consult and cooperate in the performance of their functions pursuant to the Treaty.

Article 3

The Greek and Turkish contingents, each not exceeding [~~insert 4-digit figure~~ **insert figure between 2,500 and 7,500 prior to the signature of the Comprehensive Settlement**] all ranks, shall be permitted to be stationed under the Treaty of Alliance in the Greek Cypriot <component state> and the Turkish Cypriot <component state> respectively. The composition, equipment, locations and activities of the Greek and Turkish contingents shall be as specified in the Attachment to this Additional Protocol.

Article 4

This Protocol shall enter into force upon signature and shall have precedence over other provisions of the Treaty of Alliance.

Signature

Signature

Signature

Signature

Cyprus

Hellenic Republic

Republic of Turkey

Attachment: Composition, equipment, locations and activities of Greek and Turkish contingents

**ATTACHMENT 1: COMPOSITION, EQUIPMENT, LOCATIONS AND
ACTIVITIES OF GREEK AND TURKISH CONTINGENTS**

Article 1 *Composition*

The composition of each contingent for all services shall be equivalent in terms of structure and strength and shall consist of a headquarters, formed units and individuals. The composition of the contingents shall include the following types of units up to the maximum indicated strength:

Type of Unit	Maximum Strength
Armoured Battalion	
Infantry Battalion	
Engineer Company	
Artillery Battalion	
Signal Company	
Aviation Battalion (Helicopter)	
Air Defence Battery	
Support Unit	
Medical Unit	
Brigade HQ	
[...]	
[...]	

Article 2 *Weapons and equipment*

The contingents shall have equivalent weapons and equipment commensurate with the type and number of units. Their weapons and equipment shall include the following, up to the maximum indicated number, with limitations notably concerning armoured vehicles, heavy weapons and artillery systems and offensive weapons such as attack helicopters:

Type of Weapon/Equipment	Maximum Number
Battle tanks (medium)	
Infantry fighting vehicles including APCs (main gun up to 25 mm)	
Towed artillery pieces (up to 155 mm calibre)	
Air defence missiles (short range up to 7000m)	
[...]	
[...]	

Article 3 Activities

The contingents shall be restricted to typical peacetime activities for formed military units, mainly encompassing training within the compounds and military quarters, maintenance of equipment and material, ceremonies and parades and training in designated training fields.

Article 4 Location of facilities and training fields

The agreed designated military facilities and training fields shall in any case not be in areas which prior to entry into force of the Foundation Agreement were within the buffer zone, or in areas of the Greek Cypriot <component state> which are or have been subject to territorial adjustment pursuant to the Foundation Agreement, or in the area of the Turkish Cypriot <component state> south of the highway connecting north Nicosia and Famagusta.

Article 5 Facilities

The designated military facilities in which troops and equipment shall be based are the following:

Contingent	Location⁴⁰ (with grid reference)	Number of Troops
<u>Greek</u>		
<u>Turkish</u>		

Article 6 Training fields

The designated training fields for each contingent are the following:

Contingent	Location⁴⁴ (with grid reference to 4 digits)
<u>Greek</u>	
<u>Turkish</u>	

⁴⁰ ~~Observation: Agreed military facilities shall in any case not be located in areas subject to territorial adjustment.~~

⁴⁴ ~~Observation: Agreed training fields shall in any case not be located in areas subject to territorial adjustment.~~

Article 7 Movement

The contingents shall move troops in the <component state> in which they are located by the most direct route between points of embarkation, garrisons and training areas and shall not approach the boundary between the <component states>, **or areas which prior to entry into force of the Foundation Agreement were within the buffer zone, or the areas of the Greek Cypriot <component state> which are or have been** subject to territorial adjustment pursuant to the Foundation Agreement, **or in the area of the Turkish Cypriot <component state> south of the highway connecting north Nicosia and Famagusta**, unless the existing road infrastructure necessitates otherwise.

Article 8 Notice

The contingents shall inform each other and the United Nations in writing **14** [insert number] days in advance of the timing, location and purpose of any **ground, air or maritime** movement of troops, including for field training. A movement of troops shall be defined as more than [insert figure] **three** military transport vehicles with a capacity of [insert figure] **three** passengers or more in each vehicle.

[insert additional articles as necessary]

DRAFT ANNEX IV: TRANSITIONAL SECURITY ARRANGEMENTS

Article 1 Dissolution of Greek Cypriot and Turkish Cypriot forces, including reserve units

All Greek Cypriot and Turkish Cypriot forces, including reserve units, shall be dissolved, and their arms removed from the island, in accordance with a timetable which shall commence no later than five months following the signature of the Treaty on matters related to the new state of affairs in Cyprus ["T-day"] and shall be carried out as follows:

- a. [From T-day + 150 to T-day + 270: 20 per cent; (4 months)]
- b. [From T-day + 271 to T-day + 450: 25 per cent; (6 months)]
- c. [From T-day + 451 to T-day + 630: 25 per cent; (6 months)]
- d. [From T-day + 631 to T-day + 870: 30 per cent; (8 months)]

Article 2 Adjustment of Greek and Turkish forces

Greek and Turkish forces and armaments shall be redeployed to agreed locations and adjusted to agreed levels, and any excess forces and armaments withdrawn, in accordance with a timetable which shall commence no later than five months following T-day and shall be carried out as follows:

- a. [From T-day + 150 to T-day + 270: 20 per cent; (4 months)]
- b. [From T-day + 271 to T-day + 450: 25 per cent; (6 months)]
- c. [From T-day + 451 to T-day + 630: 25 per cent; (6 months)]
- d. [From T-day + 631 to T-day + 870: 30 per cent; (8 months)]

Article 3 Redeployment from areas subject to territorial adjustment prior to transfer of administration

Notwithstanding the above, any forces and armaments shall be redeployed so as to vacate areas subject to territorial adjustment prior to the dates agreed in the Foundation Agreement for the transfer of those areas.

APPENDIX D

MATTERS TO BE SUBMITTED TO THE UNITED NATIONS SECURITY COUNCIL FOR DECISION

I.

Pursuant to the terms of the Comprehensive Settlement of the Cyprus Problem, the Secretary-General of the United Nations shall **is invited**, upon certification by him of the Foundation Agreement and the finalized Annexes thereto, **to** request the Security Council to take decisions to enter into force simultaneously with the Foundation Agreement, in which the Security Council would:

1. endorse the Foundation Agreement and, in particular;
 - a. take formal note that any unilateral change to the state of affairs established by the Foundation Agreement, in particular union of Cyprus in whole or in part with any other country or any form of partition or secession, is prohibited; and
 - b. acknowledge the political equality and distinct identity of Greek Cypriots and Turkish Cypriots and the equal status of their <component states> in the State of Cyprus; and
2. prohibit the supply of arms to Cyprus in a manner that is legally binding on both importers and exporters;
3. decide to maintain a United Nations peacekeeping operation in Cyprus, which shall remain so long as the government of the <common state>, with the concurrence of both <component states>, does not decide otherwise, and shall be authorized to deploy and operate freely throughout Cyprus with the following mandate
“to monitor the implementation of the Foundation Agreement and use its best efforts to promote compliance with it and contribute to the maintenance of a secure environment; and in particular:
 - a. to monitor and verify compliance with the security provisions in the Foundation Agreement, including:
 - i) the dissolution of all Greek Cypriot and Turkish Cypriot forces, including reserve units, and the removal of their arms from the island;
 - ii) the adjustment of Greek and Turkish forces and armaments to agreed equal levels;

- b. to monitor and verify compliance with the provisions in the Foundation Agreement pertaining to the police of the <common state> and <component states>;⁴²
- c. to use its best efforts to ensure the fair and equal treatment under the law of persons from one <component state> by the authorities of the other;
- d. to supervise the activities relating to the transfer of areas subject to territorial adjustment;
- e. to chair, and provide administrative support to, the Monitoring Committee to be established under the Treaty between Cyprus, Greece, Turkey and the United Kingdom on matters related to the new state of affairs in Cyprus;
- f. to implement its mandate through, for example, conducting patrols and establishing positions and roadblocks, as well as receiving complaints, making inquiries, presenting facts, giving formal advice and making representations to the authorities.”

II.

The authorities of the <common state> and of the <component states>, as well as the Greek and Turkish contingents stationed on the island, shall cooperate with the United Nations operation. The cost of the operation to the United Nations shall be borne by Cyprus.

⁴² **Observation:** The United Nations operation would not assume direct responsibility for the enforcement of law and order.

APPENDIX E

REQUESTS TO THE EUROPEAN UNION WITH RESPECT TO THE ACCESSION OF CYPRUS

PROTOCOL REQUESTED TO BE ATTACHED TO THE ACT CONCERNING THE CONDITIONS OF ACCESSION OF CYPRUS TO THE EUROPEAN UNION

- i. *Taking into account the Comprehensive Settlement of the Cyprus Problem between the Greek Cypriot side and the Turkish Cypriot side of [insert date] and the terms of the Foundation Agreement between the Greek Cypriots and the Turkish Cypriots of [insert date]*
- ii. *Taking into account the Treaties of Guarantee and Alliance, the Additional Protocols thereto, and the Treaty of Establishment*
- iii. *Bearing in mind and respecting the demilitarization of Cyprus*
- iv. *Considering that the Act concerning the conditions of accession of Cyprus to the European Union shall not prevent the implementation of the Foundation Agreement, and shall accommodate its terms in line with the principles on which the European Union is founded*
- v. *Bearing in mind that Cyprus shall take all appropriate measures, whether in general or particular, to ensure the fulfillment of the obligations arising out of European Union membership, in line with the specifications of the Act of accession and this Protocol, and that transitional periods agreed during the accession negotiations shall apply to the <common state> and to the two <component states>, subject to the division of powers as laid down in the Foundation Agreement*
- vi. *Underlining that the political equality of Greek Cypriots and Turkish Cypriots, the equal status of the two <component states>, and the prohibition on any unilateral change to the state of affairs established by the Foundation Agreement, fall within the terms of Article 6(1) of the Treaty of the European Union*
- vii. *Recognizing the need to protect the balance between Greek Cypriots and Turkish Cypriots in Cyprus, the bi-zonal character of the <common state> **State of Cyprus** and the identity of the <component states>*

- viii. *Underlining that accession to the European Union shall benefit Greek Cypriots and Turkish Cypriots alike and promote development to help reduce economic disparities*
- ix. *Recalling that, in accordance with the Presidency Conclusions of the Brussels European Council of 24 and 25 October, a programme will be established by the Council, with disbursement of 206 million euros between 2004 to 2006, in support of the economic development of the northern part of a reunited Cyprus, and that this programme shall be established in addition to the normal operation of the European Union's structural funds*
- x. *Taking into account the special relations of Greek Cypriots and Turkish Cypriots with Greece and Turkey respectively*
- xi. *Bearing in mind that, as a European Union member state, Cyprus shall apply the rules of the European Union-Customs Union with Turkey, thereby according European Union treatment to Turkey in the fields where this is provided for*
- xii. *Wishing to accord, to the extent compatible with the European Union membership of Cyprus, similar rights for Greek and Turkish nationals vis-à-vis Cyprus*

The High Contracting Parties have agreed as follows:

Article 1 Arrangements relating to property and residency rights

The provisions of the Treaty shall not preclude the application of restrictions, on a non-discriminatory basis, on:

- a. The right of natural persons who have not been resident for at least three years in the Turkish Cypriot <component state>, and for legal persons, to ~~acquire and hold~~ **purchase** real property in the Turkish Cypriot <component state> without permission of the competent authorities of the Turkish Cypriot <component state>;
- b. The right of Cypriot citizens to reside in a <component state> of which they do not hold internal <component state> citizenship status, if
 - i) The number of such residents has reached ~~one third of the total population of a municipality or village~~ **28% of the population of a <component state>**; or
 - ii) During a transitional period of ~~20~~ **15** years, the number of such residents has reached a certain percentage of the total population of a municipality or village; the relevant percentage shall be ~~4%~~ **0%** for the first **4** years after entry into force of the Foundation Agreement, and shall rise by ~~3%~~ for each 3-year period thereafter **8% between the 5th and 9th years and 18% between the 10th and 15th years;**
- c. The right of Greek nationals to reside in Cyprus, if the number of resident Greek nationals has reached 10 % of the number of resident

Cypriot citizens who hold the internal <component state> citizenship status of the Greek Cypriot <component state>;

- d. The right of Turkish nationals to reside in Cyprus, if the number of resident Turkish nationals has reached 10% of the number of resident Cypriot citizens who hold the internal <component state> citizenship status of the Turkish Cypriot <component state>.

Article 2 *Safeguard measures*

1. Where, in exceptional circumstances, the operation of the European Union's internal market characterised by the abolition, as between Member States, of obstacles to the free movement of goods, persons, services and capital, cause, or threaten to cause, serious economic difficulties in the Turkish Cypriot <component state>, the competent Cypriot authorities may take the appropriate safeguard measures for a period of ~~one year~~ **three years**. These measures may be prolonged with the consent of the Commission. Such measures shall be proportional and shall not constitute disguised restrictions on trade.
2. If measures taken in the circumstances referred to in paragraph 1 have the effect of distorting the conditions of competition in the internal market, the Commission shall, together with Cypriot representatives, examine how these measures can be adjusted.
3. By way of derogation from the procedure laid down in Articles 226 and 227 of the Treaty establishing the European Community, the Commission or any Member State may bring the matter before the European Court of Justice if it considers that Cyprus is making improper use of the powers provided for in paragraph 1.

Article 3 *Entry and residency rights of Turkish nationals*

The European Union shall authorise Cyprus to accord equal treatment regarding entry and residency rights with respect to its territory to Greek and Turkish nationals without prejudice to policies and arrangements applying to entry and residency rights of Turkish nationals in other member states of the European Union. Rules of implementation for such entry and residency rights for Turkish citizens shall be negotiated between the Commission, Cyprus and Turkey within a year of entry into force of the Foundation Agreement.

Article 4 *The European Security and Defence Policy*

The participation of Cyprus in the European Security and Defence Policy shall fully respect the provisions of the Foundation Agreement and the provisions of the Treaties of Guarantee and Alliance and the Additional Protocols thereto, and in no sense undermine those provisions.

**PARAGRAPH REQUESTED TO BE INCLUDED IN THE CONCLUSIONS
OF THE COPENHAGEN EUROPEAN COUNCIL**

The European Union undertakes to adopt special measures, including financial aid, to contribute to the alignment of Turkish Cypriot legislation to the **acquis communautaire**, to the enhancement of administrative capacity in the Turkish Cypriot <component state>, and to the narrowing of economic disparities within Cyprus.

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