



## **Cyprus Companies Law recent amendments**

The Law amending the Companies Act, CAP 113, Number 4, of 2015 has been passed by the Cyprus parliament. The amendments came in effect as from 19<sup>th</sup> of June 2015 with the aim to modernize several key provisions and facilitate Cyprus corporate practice via inter alia, streamlining the process of registration and strengthening the enforcement powers of the Registrar of Companies to ensure adequate updating of information and de-registration of non-compliant companies. The most important changes are set herein below:

- \* A limited liability company may be incorporated as a general commercial company with power to carry on any trade or business and to do all such things as are incidental or conducive thereto, rather than having a detailed objects clause in its memorandum of association and in such a case may enter into any contract or undertake any obligations whatsoever;
- \* Security documents if amended with a purpose to increase the amount secured, the amendment regarding the increase of the secured amount is registered without affecting the priority of the initial charge;
- \* A time limit of 42 days is set from the date of creation of the charge for registering a registrable charge created outside Cyprus which includes property situated outside Cyprus, in line with the existing practice of the Registrar of Companies;
- \* It is clarified that a pledge of share certificates, assignment of rights which are attached to shares of companies or any other charge over share certificates do not constitute a registrable charge;
- \* Foreign companies that transfer their seat to Cyprus with the intention of continuing are required to register any registrable charges that existed prior to the registration of the company as a company continuing in the Republic within 42 days from the date of the temporary continuation certificate;
- \* In the case of a cross border merger, where the surviving entity is an entity which is subject to the Companies Act, then any registrable charge which was registered against the entity which was dissolved due to its merger must be registered again within 42 days from the date when the cross border merger became effective;
- \* A board of directors meeting can take place via telephone conference or other similar means, and will be deemed to have been held at the location where the person who is taking the minutes was physically located;



- \* The articles of a company can stipulate a larger majority for a shareholders' resolution to be passed than the majority specified in the Companies Law;
- \* The Registrar of Companies can strike off a company following an application of the directors or in the event that the company does not pay its annual levy within one year from the due date; and

**Facilitating the electronic submission of documents - Maintaining e-Registry and Use of electronic means**

- \* Removal of statements that inhibit the electronic submission of documents to the Registrar i.e. certified copy of court order & articles of association, official court order, decision by the District Court (Section 201T), original court order or resolution;
- \* The name of a company can also be printed on its seal instead of only engraved;
- \* Removal of statements that refer to maintaining a physical registry i.e. records in his books, keep minutes in his books, writes in the registry, retains and registers them;
- \* Introducing the certification and/or validation of documents by electronic means e.g. electronic seal;
- \* Introducing a provision for holding a directors' meeting or a general director's meeting at a distance and by electronic means;

**Streamlining the process of registration – Simplification of procedures:**

- \* Removal of the Registrar's handwritten signature during the certification of the: company registration, charge registration, copy of the court order and delivery of the court order;
- \* Introduction of a seal to certify documents, and the delegation of the signing authority of the Registrar at any time, not just in his absence;
- \* Simplification of the objects so far recorded in the memorandum, by introducing the term of a trading company for general purposes on the basis of which the company may carry out any work, business or profession;
- \* Elimination of the mandatory signing of the form by both the director and the secretary in the case of notifying the Registrar of the acquisition of its own shares;



- \* Increase of the minimum number of shareholder members to include any member in the employment of any subsidiary or any holding of the company and/or any subsidiary company of the holding of the company;
- \* Restatement and clarification of the necessary details to be included in the form for the notification of the changes in shareholders through the removal of the obligation to notify as per shareholders not involved within the transaction;
- \* Integration of the submission of the notification as per the appointment of directors & secretary and the registered office address along with registration of companies;

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