

**December 2009**

## **Amendments in the Cyprus Company Law - Share Registers**

As we have noted in previous Newsletters the Cyprus Company Law, Cap 113, has undergone certain further important changes in July 2009. One of these is the deletion and replacement altogether of sections 114 to 117 which contained anachronistic provisions on the maintenance of corporate share registers. As Cyprus was a British colony until 1960 and as Cap 113 has been until a few years ago virtually a copy of the UK Companies Law 1948 references were made in these previous sections to “Her Majesty’s dominions” and permitting a company to maintain “dominion registers” in any such dominions.

The new sections have taken away these references denoting the no longer existing colonial status of Cyprus and have modernized the relevant provisions of the law in conformity with today’s commercial requirements. The new provisions permit a Cyprus Company whose objectives include the carrying on of business in any country abroad or, where its shares are traded in any foreign markets, the place of such market, and/or where the members reside, to have a register abroad in one or more of these countries and called “Abroad Register” (as translated from Greek).

The company must notify the Company Registrar within 14 days of the address where the Abroad Register is maintained and of any subsequent changes to that address. A register held by a Cyprus company abroad shall be considered to constitute part of the basic register that still has to be kept in Cyprus (the “Basic Register”). The Cyprus company will be obliged to receive and place in its Basic Register in Cyprus information of any entry made in the Abroad Register. So the law requires for a mirror record of the register of members to be kept in Cyprus.

It is important to note that a Cyprus company may incorporate any such regulations in its Articles of Association that it may consider appropriate regarding the maintenance of an Abroad Register.

Another new provision (new section 115(4)) is that any shares that are registered in the Abroad Register are distinguished from the shares that are registered in the Basic Register and no transactions or dealings with any of these shares that are registered in the Abroad Register should be registered in any other register while they continue to be registered at the Abroad Register. And furthermore the new section 116 provides that the transfer of any share registered in the Abroad Register is deemed as a transfer of assets of the company that is located outside of Cyprus. This is considered as a very important provision as it can be interpreted that any transactions relating to these shares, including any sale of them, are exempt from stamp duty in Cyprus.

Regarding companies that are registered outside of Cyprus the new section 117 provides that they can maintain a share register in Cyprus provided they are permitted to do so under their

constitutional documents and subject to the provisions of the laws of that country where they are incorporated. The powers on these matter are vested in the Council of Ministers which can make a relevant order that needs to be published in the Official Gazette of the Republic.

Regarding public companies a new section 117A has been enacted which provides that where a Cyprus public company has its shares or securities listed and traded in a foreign market, that company, if it complies with the requirements and the regulations of the foreign relevant market where its shares and securities are traded, will be deemed to have complied with the Cyprus law requirements to keep registers of members. Furthermore if the said shares or securities are pledged then the regulations of that foreign market will apply with respect to the pledges and not the relevant provisions of the Cyprus Contract Law.