

Date: 1st of November 2022

M&A OF ASSOCIATIONS - BASIC RULES FOR CYPRUS

The existence of every company begins with its Memorandum & Articles of Association, being its A-Z guide of all its norms and rules that regulate a company.

The Memorandum & Articles of Association (the “M&A”) is prepared for the formation and registration of a company, by specifying the objectives for which the company is being formed, as well as defining its relationship with its shareholders.

The founding documents of a company are its statutory documents, together with form HE1, HE2 and HE3, which can now be submitted electronically through the Registrar of Companies online system.

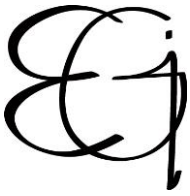
The documents that must be submitted to the Registrar of Companies for the registration of a company are the following:

- Memorandum of Association
- Articles of Association
- Solvent Declaration signed by a Lawyer and stamped in accordance with the share capital of the company (form HE1),
- Filing of form HE2, details of the registered office of the Company,
- Filing of form HE3, details of the officials of the Company (director and secretary),
- Declaration of the witness, and that witness must be the same witness as the one on the last page of the M&A

MEMORANDUM OF ASSOCIATION

According to Article 4 of Chapter 113, the founding document must meet certain conditions. In particular, the following must be stated in the founding document:

- a) the name of the company
- b) the purpose of the incorporation of the company
- c) limited liability clause (where applicable),
- d) the terms regarding its share capital (if it is a company with shares); and



e) signatures of the first subscribers of the Memorandum and Articles of the Company indicating the share capital, the signature of the witness and the name of the lawyer

Since the company is an artificial entity, it must be given a name. The name of the company must be stated in the founding document, and this applies to both private and public companies. For the incorporation of the Company it is mandatory to secure a name that is pre-approved by the Registrar of Companies and Official Receiver.

1. APPROVAL OF A COMPANY NAME – REGISTRAR OF COMPANIES AND OFFICIAL RECEIVER, THE REPUBLIC OF CYPRUS

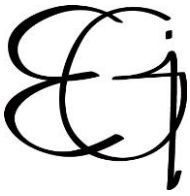
The name of the company must be accompanied by the following words or initials as the case may be: (Article 4 of Cap.113)

- Private company – ltd/ limited /Limited / Ltd
- Public company – public limited/ public company limited/ plc
- European Public Limited Liability Company
- Law firm with limited liability – Δ.Ε.Π.Ε./ LLC
- Architectures or other companies licensed under ETEK, - L.L.C

According to Article 18 of Cap.113, prior to receipt of approval by the Registrar of Companies for the proposed name of the company is necessary before any other action to establish a company. The registrar cannot accept a name which:

- Is similar to a name of an existing company,
- Considered misleading,
- Famous country locations etc, and/or
- Names implying connection with any Ministry or Government Department or Municipal or other Local Authority or with any organization or body established by Law or with the Government of any foreign country cannot be accepted unless it corresponds to the fact.

The decision of the Registrar regarding the refusal to register a name due to undesiredness is subject to an appeal based on Article 146 of the Constitution of the Republic of Cyprus. The judge of the refused registration is the Registrar of Companies, and the court does not replace the Administration in the judgment of the matter, but is limited to the control of the exercise of the power in order to



establish whether it was exercised within the limits set by the law. Protection of the company name is also provided by the **provisions on unfair competition** provided there is a likelihood of confusion.

When changing a company name (based on Article 19 of Cap. 113), the same principles apply to the registration of a first name as regards the issue of infringement of the already registered company name. That is, a company cannot change its name so that the new name is too similar to another company's name. Also, if the company is forced to change its name because it is too similar to the name of an existing company, the new name cannot be too similar to the first name to be changed.

2. THE ARTICLES OF ASSOCIATION OF A COMPANY

The articles of association of every company must state the purpose of the company in accordance with Article 4(1)(b) of Cap 113. The purpose of the company cannot be unlawful under Article 3(1) of Cap 113.

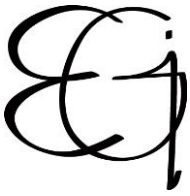
The statement of purpose serves two main purposes: 1) it defines the company's powers: the company can take actions that reasonably serve these purposes and 2) it serves the protection of investors and the public, the company's potential creditors AND/OR any third party having a direct right against the said company.

3. MEMORANDUM OF A COMPANY

Any changes to the Memorandum require a Court Application for approval of such change, since the scope of any company is considered as fundamental, the Court for such a change must issue a Court Order approving the relevant special resolution of the Company, in compliance with Article 7 of Cap. 113.

In accordance with Article 7 (1) of Cap. 113, the main pillars, why a company may change its scope of the Memorandum, are:

- (a) conduct its business more economically or more efficiently or
- (b) achieve its primary purpose by new or improved methods or
- (c) develop or change its local area of operations or
- (d) to carry out work which under the existing circumstances may be more suitably and advantageously combined with the business of the company or
- (e) limit or abandon any of the purposes specified in the articles of association or
- (f) to sell or dispose of the whole or any part of the company's business or



(g) to merge with any other company or body of persons.

4. ARTICLES OF ASSOCIATION

Articles of Associations is the document that defines the rules of how a company operates. The drawing up of the articles of association is mandatory only with regards to companies limited by guarantee in accordance with Article 8 of Cap.113. Companies limited by shares are not required to register articles of association. Where no articles of association are registered, section 10(2) of Cap. 113 provides that the regulations contained in Table A of the First Schedule of Cap. 113 constitute the company's regulations in the same manner as if they were contained in a duly registered article of association. The statute regulates matters such as: General Assemblies of the company, voting rights of members, transfer of shares, powers of members of the Board of Directors etc.

The registered articles of association must comply with the following conditions:

- (a) be printed;
- (b) be divided into consecutively numbered paragraphs and
- (c) be signed by each person who subscribed to the instrument of incorporation in the presence of at least one witness who must attest to the signature.

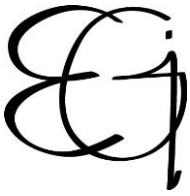
It is suggested in cases where many shareholders are involved in a company's structure, the parties may proceed with the drafting of a SHAREHOLDERS' AGREEMENT a private agreement containing the rights and obligations of the shareholders of a company

For more information, please contact us.

Sincerely,

EOJOURIAN & GEORGIUO LLC

[Author: Demetris Matheou]



LEGAL DISCLAIMERS & RIGHTS OF 'THE ARTICLE':

INTELLECTUAL PROPERTY RIGHTS

Unless otherwise indicated, this Article is our property and all its content, published in our website. All are owned and controlled by us and/or any party authorised by us and are protected by copyright and trademark laws. Any other use of this intellectual property without the written consent of the author of this Article shall be considered as violation of such laws and we reserve our legal right for claim.

LEGAL/TAX DISCLAIMER

Any legal and/or tax advice contained in this content was not intended or written to be used, and cannot be used, or interpreted, for the purpose of avoiding complying with, or the application of, penalties under local and/or foreign tax laws and promoting, marketing, or recommending actions to breach any local or foreign laws.

CONFIDENTIAL DISCLAIMER

This Article content was published and intended solely for the use of the individuals and/or entity and/or entities and/or any other to which it is related. If you are not related please do not read, copy, use and/or disclose this Article information. The reproducing, forward, disclosure, copy and use of this Article in any way shall be prohibited and not permitted, unless the written prior consent of the Author is obtained.