Legal 500
Country Comparative Guides 2025

Cyprus
Mergers & Acquisitions

Contributor

Akis Papakyriacou LLC

Akis Papakyriacou

Managing Partner | akis@papakyriacoulaw.com

This country-specific Q&A provides an overview of mergers & acquisitions laws and regulations applicable in Cyprus.

For a full list of jurisdictional Q&As visit **legal500.com/guides**

Cyprus: Mergers & Acquisitions

1. What are the key rules/laws relevant to M&A and who are the key regulatory authorities?

In Cyprus, M&A transactions are primarily governed by the Cyprus Companies Law, Cap. 113, as amended (the "**Companies Law**"), which sets out provisions regarding mergers, divisions, and the reconstruction or amalgamation of both public and private companies, including the exchange of shares between companies.

However, depending on the specific nature of the transaction, several other laws may also be relevant, including, but not limited to:

(a) The Control of Concentrations Between Undertakings Law of 2014 (83(I)/2014)

(b) The Safeguarding and Protection of Employees' Rights in the Event of the Transfer of Undertakings, Businesses, or Parts Thereof Law (104(I)/2000)

(c) The Income Tax Law (118(I)/2002)

(d) The Takeover Bids Law (41(I)/2007)

As for the competent authorities overseeing M&A transactions in Cyprus, these include the Registrar of Companies, the Cyprus Securities and Exchange Commission ("**CySEC**"), the Cyprus Stock Exchange, the Commission for the Protection of Competition, and the Central Bank of Cyprus. The specific authority responsible for regulating or supervising a given transaction depends on the nature of the transaction and the entities involved.

2. What is the current state of the market?

During the last few years, the M&A market has faced unprecedented disruptions however, at the moment the market is notably active, highlighted by significant transactions especially in the banking sector. Greek banks Alpha Bank and Eurobank have both expanded their presence in Cyprus through strategic acquisitions. In February 2025, Alpha Bank agreed to acquire AstroBank for approximately €200 million. while, Eurobank has significantly increased its stake in Hellenic Bank, with imminent plans for full ownership.

3. Which market sectors have been particularly active recently?

As highlighted in question 2, the banking sector has experienced significant activity recently. Additionally, the tech, investment funds, and renewable energy sectors are also witnessing rapid growth.

4. What do you believe will be the three most significant factors influencing M&A activity over the next 2 years?

a. Ongoing Sanctions and Restrictions on Russia: The continued sanctions against Russia will have a significant impact on investment flows and cross-border transactions.
b. Tighter EU Regulatory Environment: Increased regulatory requirements within the EU, particularly in areas like data protection, competition, and financial transparency, will shape M&A strategies and compliance considerations.
c. Upcoming Tax Reform in Cyprus: The anticipated tax reforms in Cyprus will likely influence M&A activity with any potential incentives that will be introduced or maintained for large corporations to enter the Cyprus market.

5. What are the key means of effecting the acquisition of a publicly traded company?

A publicly traded company may be acquired through merger and/or division of public companies subject to obtaining relevant court approval or by the making of a public offer, pursuant to the Takeover Bids Law (41(I)/2007).

The Takeover Bids Law applies to all companies and more specifically it governs any takeover bid for the securities of a Cyprus-registered company whose securities are listed on the Cyprus Stock Exchange (regulated market). Additionally, it also applies to takeover bids for the securities of a company registered outside of Cyprus, provided that any of the conditions set out in section 4(3) of the Takeover Bids Law are met. The CySEC may, pursuant to Article 15 of the Takeover Bids Law, grant an exception from the mandatory bid in certain cases.

6. What information relating to a target company is publicly available and to what extent is a target company obliged to disclose diligence related information to a potential acquirer?

Constitutional information/documentation relating to private and public companies is available to the wider public at Registrar of Companies, including, *inter alia,* the Memorandum and Articles of Association, information about the board of directors, the secretary, the shareholders and the annual financial statements.

Certain information, such as information from the annual reports and semi-annual results of the company, is also available through the Cyprus Stock Exchange for publicly listed companies.

There is no obligation on a target company to disclose any due diligence information and/or documents.

7. To what level of detail is due diligence customarily undertaken?

In a typical M&A transaction, the potential acquirer conducts legal, tax, financial, and commercial due diligence.

8. What are the key decision-making bodies within a target company and what approval rights do shareholders have?

As a general principle, the Board of Directors is the decision-making body of a Cyprus company, subject to any reserved matters that require the approval of the shareholders, either pursuant to the law or the company's Articles of Association.

This applies in private acquisitions, while in the acquisition of shares in a publicly listed company, the Takeover Bids Law applies, with shareholders having the final decision-making authority. However, this decision is made based on the information provided to the shareholders by the Board of Directors.

In a merger, the Board of Directors of each company involved in the merger outlines the merger plan, which is then approved by the shareholders, and, if applicable, by the creditors, and is sanctioned by the court, following the procedures set out in the Companies Law.

9. What are the duties of the directors and controlling shareholders of a target company?

Starting with the shareholders, it is important to note that there are no specific duties imposed by law, although minority shareholders should not be oppressed. Duties may arise from private agreements between shareholders or be stipulated in the Articles of Association.

On the other hand, duties may be imposed on the directors of a company by common law, statute, and the Articles of Association, as they form the key decision-making body for the company's operations and are considered to have a fiduciary relationship with the company. As a result, fiduciary duties arise from this relationship, which include, among others, the duty to act in good faith, to avoid conflicts of interest, and to act with due care and skill.

In the context of a share acquisition in a public company, additional duties and obligations are imposed on directors under the Takeover Bids Law.

10. Do employees/other stakeholders have any specific approval, consultation or other rights?

The Companies Law governs the procedural requirements and the approval process for mergers, as further detailed in question 8 above.

Regarding employees, their rights are safeguarded under the Safeguarding of Employees' Rights in the Event of Transfers of Undertakings, Businesses or Parts of Businesses Law (104(I)/2000) (the “Employee Rights Law"). Article 3 of the Employee Rights Law defines its scope, stipulating that it applies to the transfer of an undertaking, business, or part of a business to another employer as a result of a legal transfer or merger. Article 3(2) further clarifies that the law applies to the transfer of an undertaking which maintains its autonomy, defined as the aggregate of organized resources for the purpose of carrying out economic activity, whether such activity is primary or secondary.

If a transfer is determined to fall within the scope of the Employee Rights Law, Article 4 outlines the rights and obligations that arise from such a transfer. Specifically, it provides that the rights and obligations of the transferor under any employment contract or relationship that exists at the time of the transfer will be automatically transferred to the transferee. The law also allows the transferor and transferee to agree that they will remain jointly and severally liable for obligations arising from employment contracts or relationships that pre-date the transfer.

Following the transfer, the transferee is required to continue observing the terms and conditions of any applicable collective agreements, as they were agreed between the transferor and the relevant parties. These terms must be maintained until the termination or expiry of the collective agreement, or until the entry into force of a new collective agreement, for a minimum period of one year.

11. To what degree is conditionality an accepted market feature on acquisitions?

Conditionality is a prevalent feature in M&A transactions. In such deals, certain obligations tied to the transaction's completion may be subject to the satisfaction of specific conditions precedent, milestones, or requirements. Typically, if due diligence reveals issues, it is customary for the buyer to seek remedies from the seller, requesting that these issues be addressed before the deal proceeds to closure. To mitigate risks identified during the due diligence process, buyers often negotiate protective provisions. These may include adjustments to the purchase price, the establishment of escrow accounts for part of the purchase funds, and the inclusion of warranties and indemnities—such as those related to tax—either fundamental or business-specific. These mechanisms serve to protect the buyer's interests by addressing potential liabilities or discrepancies that may arise before the transaction is finalized.

Any conditions imposed in the transaction, whether condition precedent or condition subsequent, should fully comply and adhere to the requirements and procedures set out by the applicable laws.

12. What steps can an acquirer of a target company take to secure deal exclusivity?

As a first step, the acquirer may execute a letter of intent being granted exclusivity during the due diligence period. Based on the results of the due diligence, the parties can then proceed to negotiate and finalize the definitive terms of the transaction.

Alternatively, the parties may enter into a binding initial term sheet or memorandum of understanding with the sellers to secure exclusivity for the deal. As with the letter of intent, such a term sheet or memorandum of understanding will stipulate the exclusivity period and relevant terms.

13. What other deal protection and costs coverage mechanisms are most frequently used by acquirers?

The conditions, warranties, and indemnities sought by the acquirer will largely depend on the findings from the due diligence process. Potential protective mechanisms may include, but are not limited to, the establishment of escrow accounts for a portion of the purchase price, restrictions on the sale of assets until completion, requiring the acquirer's approval for certain matters prior to completion, and agreeing that any business conducted by the target company up to the completion date will be considered for the acquirer's benefit or held in trust on their behalf. Additionally, break-up fees may be included as an added layer of protection for the acquirer, providing compensation for the costs and expenses incurred if the seller decides to withdraw from the deal.

14. Which forms of consideration are most commonly used?

Cash remains the most common form of consideration, noting that generally consideration may be in cash or kind or a combination therefore, always taking into account the requirements of applicable laws, such as the Income Tax Law.

In the case of public companies, the same applies, noting that Part IV of the Takeover Bids Law, specifically regulates the matter of consideration for the acquisition of shares in public companies. For example, Article 16 of the Takeover Bids Law, provides that the offeror, in the following cases is obligated to offer a cash alternative: (a) where the consideration offered by the offeror does not consist of liquid securities admitted to trading on a regulated market; the Commission may by directive set the criteria taken into consideration when deciding whether the securities offered by way of consideration are liquid; (b) where the offeror or persons acting in concert with him/her, over a period of twelve months beginning prior to the announcement of his/her intention to make a bid and expiring when the offer closes for acceptance, have purchased for cash securities carrying 5 % or more of the voting rights in the offeree company; (c) in the cases where the offeror is exercising a squeeze out or sell out right; and in case of a mandatory bid.

15. At what ownership levels by an acquirer is public disclosure required (whether acquiring a target company as a whole or a minority stake)?

In general, there is no obligation for public disclosure when the acquisition pertains to a private company. However, upon the completion of the acquisition, the Registrar of Companies must be informed in accordance with the Companies Law. Following this notification, the Registrar updates its records to reflect the new ownership structure of the target company.

In transactions that qualify as "concentrations of major importance" pursuant to the Control of Concentrations Between Undertakings Law of 2014 (83(I)/2014), notice of such transactions must be given to the Commission for the Protection of Competition for clearance to be granted prior to implementation.

With respect to acquisition of shares in public companies, then pursuant to the Law Providing for Transparency Requirements in Relation to Information About Issuers whose Securities are Admitted to Trading on a Regulated Market (190(I)/2007) (the "**Transparency Requirements Law**") any person who acquires shares in an issuer for the first time to which voting rights are attached, is considered a shareholder, provided that, with the acquisition, the percentage of voting rights held in the issuer reaches or exceeds the thresholds set out below. A shareholder who acquires or disposes shares in an issuer, to which voting rights are attached, has an obligation to notify: (a) The issuer, and (b) (i) where the Republic is the home member state, the CySEC, or (ii) in the case where the home member state in other than the Republic, the competent authority of such member state, of the percentage of voting rights held provided that, as a result of such acquisition or disposal, this percentage – (aa) In the case of an acquisition, reaches or exceeds, or (bb) In the case of a disposal, reaches or falls below, the thresholds of five percent (5%), or ten percent (10%), or fifteen percent (15%), or twenty percent (20%), or twenty five percent (25%), or thirty percent (30%), or fifty percent (50%) or seventy five percent (75%) of the total voting rights of the issuer.

16. At what stage of negotiation is public disclosure required or customary?

Private Companies

As set out in our reply above, in general, there is no obligation for public disclosure when the acquisition pertains to a private company. However, upon the completion of the acquisition, the Registrar of Companies must be informed in accordance with the Companies Law. Transactions that would qualify as "concentrations of major importance" pursuant to the Control of Concentrations Between Undertakings Law of 2014 (83(I)/2014), notice of such transactions must be given to the Commission for the Protection of Competition for clearance to be granted prior to implementation.

Companies Listed in the Cyprus Stock Exchange

Pursuant to Article 6 of the Takeover Bids Law, the offeror announces immediately the making of a bid- (a) when he has a firm intention to make a bid; or (b) upon an acquisition of securities which give rise to an obligation to make a bid under the Takeover Bids Law. Prior to an announcement being made, the offeror must ensure that his decision is final and that ensures that he can fulfil in full any cash consideration, if such is offered, and to first secure the approval of the general meeting of the shareholders for the issuing or allotment of securities, if such is offered.

It is further noted that Article 7 of the Takeover Bids Law provides that where there is mention of the obligation to announce in the Takeover Bids Law, this is done by the person making the announcement with simultaneous announcement to: (a) to the regulated market in the Republic where the securities are listed, and the regulated market lists it on its internet site; (b) to the CySEC; (c) to the internet site of the person making the announcement, provided it maintains one; if the announcement is made by the offeror, to the representatives of its employees, or where there are no such representatives, the employees themselves, and the board of the offeree company; (e) if the announcement is made by the offeree company, to the representatives of its employees, or where there are no such representatives, the employees themselves, and the board of the offeror.

Within twelve days from the announcement of a firm intention to make a bid, the offeror draws up the offer document communicates them to the CySEC and the board of the offeree company.

Once the approval from the CySEC is granted then the offeror:

a. makes the announcement as per Article 7 of the Takeover Bids Law, and publishes as soon as possible in at least two daily newspapers, it is noted that the same obligation exists in case the offer document is rejected by the Commission, in which case the offeror must state the reasons for rejection.
b. communicates as soon as possible the offer document to the offeree company and to the representatives of the offeror's employees or where there are no such representatives, to the employees themselves.
c. within seven days from the announcement of the

document approval (i) sends by post a copy of the offer document to the holders of securities subject to the bid, (ii) lists the said document to its internet site, provided it maintains one, and (iii) sends the said document to the regulated market where the securities are listed, with the purpose of listing the document on its internet site.

17. Is there any maximum time period for negotiations or due diligence?

There is no statutory time limit prescribed for the duration of negotiations or the due diligence process. However, it is common practice for a specified time frame, often referred to as an exclusivity period, to be included in any letter of intent, memorandum of understanding, or term sheet entered into by the parties to govern the commencement of negotiations and the due diligence exercise. This period is typically agreed upon by the parties involved, and its length may vary depending on the specifics of the transaction.

18. Is there any maximum time period between announcement of a transaction and completion of a transaction?

Private Companies

In a private transaction there is no statutory prescribed time period for the transaction to be completed.

Companies Listed in the Cyprus Stock Exchange

With respect to listed companies, the timeframes relating to the announcement and the submission of the offer document, as set out in question 17 above, apply. Upon submission of the offer document, the Cyprus Securities and Exchange Commission (CySEC) issues its decision within eight working days if the consideration is in cash, or within twelve working days if the consideration includes securities. If additional information is requested from the offeror, it must be submitted within the next five working days. In such cases, CySEC will issue its decision within three working days from the submission of the additional information. If the deadlines set in this section pass without any action being taken, the offer document is deemed to be approved.

It is important to note that CySEC may extend its decision deadline, but the offer document will not be considered approved during this extension. The extension period may be up to twice the period set by the Takeover Bids Law.

The time limit for acceptance of a bid is set by the offeror in the offer document and may not be less than thirty days or more than fifty-five days from the date the offer document is posted to the recipients or listed on the offeror's website, depending on the case. This time limit cannot be amended, except in limited circumstances prescribed by Article 24(2) of the Takeover Bids Law.

CySEC has the discretion to grant an extension to allow the offeree company to call a general meeting of shareholders to consider the bid. However, this extension cannot result in the total time allowed for acceptance exceeding seventy-five days, except in the cases specified in Article 24(5) of the Takeover Bids Law.

19. Are there any circumstances where a minimum price may be set for the shares in a target company?

Private Companies

In a private transaction there is no statutory minimum price set, the consideration is a matter of the parties.

Companies Listed in the Cyprus Stock Exchange

Pursuant to the Takeover Bids Law the consideration must be equal at least to the highest price paid or agreed to be paid for the same securities by the offeror or by persons acting in concert with him/her, during the last twelve months prior to the announcement of the bid, noting that in a case of a voluntary bid, the CySEC may, at its absolute discretion, allow a lower price.

20. Is it possible for target companies to provide financial assistance?

Article 53(1) of the Companies Law provides that it is prohibited for a company to give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the company, or, where the company is a subsidiary company, in its holding company.

It is noted that the following are still permitted:

a. where the lending of money is part of the ordinary business of a company, the lending of money by the company in the ordinary course of its business.
b. the provision by a company, in accordance with any scheme for the time being in force, of money for the

purchase of, or subscription for, fully paid shares in the company or its holding company, being a purchase or subscription by trustees of or for shares to be held by or for the benefit of employees of the company, including any director holding a salaried employment or office in the company.

c. the making by a company of loans to persons, other than directors, bona fide in the employment of the company with a view to enabling those persons to purchase or subscribe for fully paid shares in the company or its holding company to be held by themselves by way of beneficial ownership.

It is noted that Article 53(3) stipulates whitewash provisions to enable a private company to provide financial assistance which is otherwise prohibited, in the following cases:

a. the private company is not a subsidiary of any company which is a public company, and
b. the relevant action has been approved at any time, with a resolution of the general meeting which has been passed by a majority exceeding ninety per cent of all issued shares of the company.

21. Which governing law is customarily used on acquisitions?

Generally, the parties may agree on the governing law for the relevant agreements, with Cyprus law and English law being the most commonly chosen options. However, since the target company is based in Cyprus, the corporate rules governing the transfer of shares under Cyprus law must be adhered to, regardless of the governing law of the agreement(s).

22. What public-facing documentation must a buyer produce in connection with the acquisition of a listed company?

With respect to the acquisition of a listed company the buyer should proceed with the relevant announcements prescribed in the Takeover Bids Law and with the offer document, as these are explained in the questions 16 and 18 above.

23. What formalities are required in order to document a transfer of shares, including any local transfer taxes or duties?

a. A duly executed instrument of transfer to be delivered to the company.
b. Following the receipt of the Instrument of Transfer, the Board of Directors passes a resolution to approve the transfer and instructs the Secretary of the company to take all required steps to give effect to the transfer.
c. The Secretary of the company, registers the transfer in the company's register of members, cancels the share certificate representing the shares that was held by the seller and issues a new share certificate in the name of the purchaser.
d. A notification of the transfer if made to the Registrar of Companies.

24. Are hostile acquisitions a common feature?

This is not common in Cyprus.

25. What protections do directors of a target company have against a hostile approach?

In listed companies, pursuant to Article 34 of the Takeover Bids Law, the approval of the shareholders in needed in order for the Board of Directors to take any action which may result in the frustration of a bid.

26. Are there circumstances where a buyer may have to make a mandatory or compulsory offer for a target company?

Pursuant to the Takeover Bids Law, where a person a result of his/her own acquisition or the acquisition by persons acting in concert with him/her, holds securities of a company which, added to any existing holdings of those securities of his/hers and the holdings of those securities of persons acting in concert with him/her, directly or indirectly give him/her a percentage of thirty per cent (30%) or more of existing voting rights in that company at the date of the acquisition, such a person is required to make a bid at the earliest opportunity to all the holders of those securities for all their holdings at an equitable price.

Where the offeror already holds more than fifty per cent (50%) of the voting rights of a company, then the bid for the further acquisition does not create an obligation to make a mandatory bid, provided that an exception is granted by CySEC.

27. If an acquirer does not obtain full control of a target company, what rights do minority shareholders enjoy?

Minority rights are general a matter that may be affected

by the Articles of Association of a company. It is also noted that the Companies Law, affords the right to oppressed minority shareholders to apply to the court seeking the appropriate remedy.

28. Is a mechanism available to compulsorily acquire minority stakes?

In private companies this will depend on whether such provisions, for example drag-along and tag-along rights, are included in the Articles of Association or in a shareholders' agreement.

With respect to listed companies, the Takeover Bids Law provides for the "Squeeze-Out" and the "Sell-Out" mechanisms.

Contributors

Akis Papakyriacou
Managing Partner
akis@papakyriacoulaw.com