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Cyprus

RESTRUCTURING & INSOLVENCY

Contributor

AGPLAW |A.G. PAPHITIS & CO. LLC

Angelos G. Paphitis

Managing Partner | agp@agplaw.com

Myrianthi Papagianni

Senior Associate Lawyer | agp@agplaw.com

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

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1. What forms of security can be granted over immovable and movable property? What formalities are required and what is the impact if such formalities are not complied with?

Mortgages: The most common type of security over immovable property is the mortgage which gives the mortgagee the power of enforcement by way of sale, repossession, or foreclosure. A mortgage must be registered with the Department of Land and Surveys (Land Registry Office), failure of which will result in the mortgagee losing its priority rights over other creditors, including secured creditors. If the mortgagor is a legal entity, a mortgage must also be registered with the Cypriot Registrar of Companies, failure of which may result in a monetary fine on the mortgagor and its officers but will not affect the validity or priority of the mortgage provided it has been filed with the Land Office.

Pledges: A pledge of shares is a very common form of security in commercial transactions as it confirms not only possession over the pledged shares to the pledgee but also the right of sale. Subject to the conditions under the Financial Collateral Arrangements Law, L.43(I)/2004, as amended, being met, the pledgee has also a right of appropriation of shares and set off their value against the relevant financial obligations of the pledgor. Following reform of the Companies Law, Cap. 113, a pledge over shares which a Cypriot company owns in another Cypriot company has now been exempted from registration with the Cypriot Registrar of Companies. A pledge over shares in a foreign company must still be registered with the Cypriot Registrar of Companies pursuant to s. 90 of the Companies Law, Cap.113.

Charges: Charges may be fixed or floating. A fixed charge is a charge over specific assets where the chargee controls any dealing or disposal of the asset by the chargor. A floating charge is a charge taken over all or part of the assets of a company (including book debts), which allows the chargor to deal in the charged assets until a trigger (such as the occurrence of an event of default or if the company goes into insolvent liquidation), at which point the floating charge crystallises into a fixed charge and attaches to all relevant assets. A fixed charge ranks before a floating charge in the order of repayment on an insolvency. Charges must be filed for registration with the Cypriot Registrar of Companies within (i) twenty-one (21) days from execution of the agreement where execution took place in Cyprus, and (ii) forty-two days (42) if execution took place outside Cyprus. Failure to register a charge renders the charge void against the liquidator and any creditor of the company in question. Registration of the charge in the register of mortgages and charges of the company must also be effected.

Lien: A lien is a creditor's right to retain possession of its debtor's personal property until the debtor pays his/her debt. Assets subject to a lien cannot be seized by third parties claiming against their owner, nor can the owner's successors in title obtain possession without paying the debt. Unlike a mortgage, a lien confers no power of sale. Usually, all loan agreements expressly include a provision that the creditor has a general preferential lien over all assets of the borrower held by the creditor in relation to outstanding amounts owed by the borrower to the creditor.

Assignment: An assignment of insurance or an assignment over receivables is another type of security in commercial transactions. An assignment is registrable under the aforesaid section 90 of the Companies Law, Cap.113 and notice of the assignment may be given to the seller affected by the assignment.

2. What practical issues do secured creditors face in enforcing their security package (e.g. timing issues, requirement for court involvement) in out-of-court and/or insolvency proceedings?

Security agreements typically include provisions that entitle the security holder to appoint a receiver in the

event of a default for recovery of the secured creditor's debt, in which case there is no need to resort to court for the appointment of a receiver. However, hostile debtors may attempt to resist the appointment or delay the process by resorting to court for challenging the receiver's appointment on grounds for example, that no event of default has occurred.

Also, delays in the issuance of a court judgment on substantive proceedings may be taken advantage of by a hostile debtor. However, the Civil Procedure Rules are in the process of examination for the purposes of review and reform and certain measures are taken, or are in the process of being taken, with the aim of reducing delays.

Furthermore, a company may resist receivership by attempting to place itself in examinership (see below) to prevent a receiver appointed pursuant to a security agreement from continuing to act. By way of indication, an applicant to an application for examinership may seek, amongst others, the following orders from the court: (i) the receiver shall cease to act as such from a date specified by the court; (ii) the receiver shall deliver all books and other records which relate to the property or undertaking of the company in question to the examiner; and/or (iii) the receiver shall give the examiner full particulars of all his dealings with the property or undertaking of the company in question.

3. What restructuring and rescue procedures are available in the jurisdiction, what are the entry requirements and how is a restructuring plan approved and implemented? Does management continue to operate the business and / or is the debtor subject to supervision? What roles do the court and other stakeholders play?

Scheme of arrangement or compromise: A company may enter into an "arrangement" or a "compromise" to try and restructure its debts. Any scheme of arrangement or a compromise must be approved by a majority in value of the creditors or members present and voting at the meeting of creditors or members (as the case may be) and it must be sanctioned by the court. All creditors and/or members shall be bound by the scheme of arrangement or compromise (as the case may be) whether they consented to the same, or not.

The terms "compromise or arrangement" are not expressly defined in the pertinent companies legislation but they can encompass any form of internal reorganization of the company or its affairs as well as mergers and acquisitions, group re-organisations etc.

It is noted that there is no provision in the pertinent legislation imposing a moratorium against creditors from enforcing their rights against the assets of the company whilst it implements, or considers implementing, a scheme of arrangement. The lack of moratorium means that a scheme of arrangement may be undermined before its completion if a dissenting party initiate winding up proceedings against the company. The position is different, however, if the scheme of arrangement is proposed by the examiner whilst the company is placed in examinership.

Examinership: Amendments into the pertinent legislation in 2015 introduced the examinership procedure which is a rescue process modelled on the Irish law of examinership. The purpose of examinership is to save an insolvent company if, amongst others, there is a reasonable prospect of survival of both the company and all or part of its undertaking as a going concern. The process enables a company to continue to trade whilst having the benefit of court protection for up to a maximum period of six (6) calendar months. In particular, a moratorium is imposed for an initial period of four (4) calendar months from the date the application for examinership is presented. If an examiner is appointed, the examiner is required to put together proposals for a scheme of arrangement during the aforesaid timeframe. The examiner may however apply for a further 60 days to finish the report. After the presentation of the report, the court may extend the protection period further in order to make a decision (i.e. whether to approve a scheme of arrangement). For completeness, an examiner (or liquidator of an insolvent company) must be a licensed insolvency practitioner. Examinership is not available for credit institutions and insurance companies.

4. Can a debtor in restructuring proceedings obtain new financing and are any special priorities afforded to such financing (if available)?

Cypriot law does not impose restrictions on a company for obtaining new financing upon entering into a restructuring process. No special priorities are afforded to new financing however existing debt may be subordinated by way of negotiation and agreement between the company and its creditors.

5. Can a restructuring proceeding release claims against non-debtor parties (e.g. guarantees granted by parent entities,

claims against directors of the debtor), and, if so, in what circumstances?

Cypriot law does not stipulate for the release of claims against non-debtor parties. In particular in relation to guarantees (except where the contrary is provided in an agreement between the guarantor and the creditor), the guarantor's liability in relation to a debt is not affected by the fact that the debt is subject to a compromise or scheme of arrangement which has been confirmed by the court. However, in the context of examinership, in certain circumstances a creditor cannot propose to take any future legal measures against a guarantor (where such guarantor is a company, or a natural person where the guarantee exceeds €500.000) unless the creditor has served a notice within the prescribed statutory period to the guarantor of the meeting of the creditors who are affected by the proposals for compromise or scheme of arrangement, so that the guarantor can also vote in relation to such proposals for compromise or scheme of arrangement.

Furthermore, in the context of examinership, where any person other than the company in examinership is liable to pay all or any part of the debts of the company, such as a guarantor, proceedings against that person cannot be initiated by any creditor during the moratorium period. Therefore, examinership may delay acceleration procedures.

6. How do creditors organize themselves in these proceedings? Are advisory fees covered by the debtor and to what extent?

Creditors are organised between secured and unsecured creditors. Within that subdivision, it is a mater of the secured and unsecured creditors to organise themselves but only in the absence of a judicial determination of this matter.

7. What is the test for insolvency? Is there any obligation on directors or officers of the debtor to open insolvency proceedings upon the debtor becoming distressed or insolvent? Are there any consequences for failure to do so?

A company may be wound up on the basis of insolvency if it is unable to pay its debts. A company is treated as unable to pay its debts if: (a) the company fails to satisfy a statutory demand for a sum exceeding €5.000 within three (3) weeks from service of the same upon the company; (b) execution on a court judgment in favour of a creditor of the company is returned wholly or partly unsatisfied; (c) the company is unable to pay its debts at the time they fall due (including contingent and prospective liabilities) (the "cash flow test"); and/or (d) the value of the company's assets is less than the amount of its liabilities (including contingent and prospective liabilities) (the "balance sheet test").

The directors or officers of the debtor company do not have an obligation to open insolvency procedures upon the debtor becoming distressed or insolvent. However, directors may be personally liable for misfeasance or for fraudulent trading (see below).

8. What insolvency proceedings are available in the jurisdiction? Does management continue to operate the business and / or is the debtor subject to supervision? What roles do the court and other stakeholders play? How long does the process usually take to complete?

There are three different types of winding up of a Cypriot company: (i) voluntary winding up (a) by the members (where the company is solvent); or (b) the creditors (where the company is insolvent; (ii) winding up by the court (usually instigated by creditors where the company is insolvent or by the members of just and equitable grounds; or (iii) winding up under the supervision of the court.

Voluntary winding up

The members of a company can voluntarily place the company into liquidation by passing a special resolution of members and appoint a liquidator. To this end the board of directors must make a statutory declaration that they have made a full inquiry into the company's affairs and have formed the opinion that the company will be able to pay its debts in full within a specified period not exceeding twelve (12) months from the commencement of the liquidation which is the time of passing of the resolution for voluntary winding up. If a liquidator who is appointed in the courts of a voluntary members' liquidation is of the opinion that the company shall not be able to pay its debts in full within the above-mentioned period, he or she shall summon a meeting of creditors in which he or she shall present a statement of the assets and liabilities of the company and the voluntary members liquidation shall be converted to a voluntary creditors liquidation.

Involuntary winding up

The most common grounds for placing a company into

involuntary liquidation are (a) insolvency (see above); or (b) where the court is of the opinion that it is just and equitable that a liquidator should be appointed (e.g. in cases of deadlock or a breakdown in the relationship of the parties in quasi-partnerships).

Once a winding up order has been made, the Official Receiver and Registrar (the "Official Receiver") shall, by virtue of his office, become the liquidator of the company unless another person in appointed pursuant to (i) a petition to the court by the Official Receiver; or (ii) separate meetings of creditors an contributories which are summoned for the purpose of appointing a liquidator in the place of the Official Receiver.

Upon the court making an order for the winding up of a company, the effective date of the winding up is deemed to relate back to the time of the presentation of the petition. All dispositions of the company's property between the date of the petition and the winding up order shall be void unless the court orders otherwise.

Under Cypriot law the appointment of the liquidator results in the ceasing of the powers of the board of directors of the company.

The timeframe that is required for the completion of liquidation depends largely on the nature and location of the assets, the number of creditors, the issuance of the tax clearance certificate by the relevant tax authorities and the degree of cooperation between the liquidator and the creditors as well as the officers of the company (e.g. timely provision of the statement of affairs).

Receivership

As mentioned above, depending on the terms of the security agreement a creditor may appoint a receiver to realise the assets subject to the security and discharge the debt out of the proceeds. Receivership ends the directors' powers of management over the assets encompassed by the receivership and places them in the hands of the receiver. However, the directors of a company in receivership maintain certain residual and administrative in nature powers. There is no moratorium in receivership. The timeframe for the completion of receivership depends on the nature and marketability of the charged assets. Where the appointment of a receiver exceeds one (1) year, the receiver is required to submit annual accounts of his or her receipts and payments to the appointer, the company, and the Registrar of Companies on an annual basis. Receivership does not bring about the end of the existence of the company, as does liquidation.

9. What form of stay or moratorium applies in insolvency proceedings against the continuation of legal proceedings or the enforcement of creditors' claims? Does that stay or moratorium have extraterritorial effect? In what circumstances may creditors benefit from any exceptions to such stay or moratorium?

Upon making a court order for the winding up of a company, unsecured creditors cannot commence or continue legal proceedings against the company without the permission of the court and rights of action against the company are converted into claims in the liquidation process. In voluntary liquidation, there is no automatic moratorium that prevents the commencement or continuation of legal proceedings against the company.

A scheme of arrangement does not offer a moratorium. However, a moratorium is imposed in cases where a company is placed in examinership, which is a rescue process under Cypriot law (see below). A moratorium in examinership does not purport to have extraterritorial effect and whether it is applicable in other jurisdictions is a matter of applicable national law (except where the Insolvency Regulation is applicable).

It is noted that the Insolvency Regulation extends its scope to all insolvency proceedings which are exclusively listed in Annex A thereto. Examinership under Cyprus law is not contained in Annex A, though its Irish equivalent is. It is therefore considered that the scope of the Insolvency Regulation should be extended to cover examinership under Cyprus law. This issue has not yet been addressed.

10. How do the creditors, and more generally any affected parties, proceed in such proceedings? What are the requirements and forms governing the adoption of any reorgnisation plan (if any)?

There is no single requirement or form governing adoption of reorganization. Creditors and any affected parties proceed according to the legislation and the form of winding up or reorganization as previously mentioned herein.

11. How do creditors and other stakeholders rank on an insolvency of a

debtor? Do any stakeholders enjoy particular priority (e.g. employees, pension liabilities, DIP financing)? Could the claims of any class of creditor be subordinated (e.g. recognition of subordination agreement)?

Once appointed, the liquidator's primary duty is to collect all of the company's assets and distribute them *pari passu* to the company's creditors in accordance with the statutory scheme of distribution. Secured creditors generally do not participate in the liquidation process and may continue to proceed with any enforcement action directly against their collateral pursuant to a valid security interest. The order of distribution of assets in a winding up is set out below in order of priority: (i) costs of the winding up; (ii) preferential debts such as government and local taxes due within twelve (12) months before the commencement of the winding up, sums due to employees including wages, up to one year's accrued holiday pay, provident fund contributions and compensation for injury; (iii) amounts secured by a floating charge; (iv) unsecured ordinary creditors; (v) deferred debts such as dividends declared but unpaid.

There is no concept of equitable subordination in Cypriot law. Indebtedness to shareholders or affiliate companies will rank pari passu with other unsecured creditors unless contractually subordinated (by way of a subordination agreement or an inter-creditor agreement).

12. Can a debtor's pre-insolvency transactions be challenged? If so, by whom, when and on what grounds? What is the effect of a successful challenge and how are the rights of third parties impacted?

A liquidator may apply to court to set aside transactions entered in the twilight period prior to insolvency where these constitute a fraudulent preference, or a voidable floating charge, or in cases of disclaimer of onerous contracts.

Fraudulent preference: A transaction (including any conveyance, charge, mortgage, delivery of goods, payment, execution or other act relating to property) made or done by or against a company within six (6) months before the commencement of its winding up may be voided as a fraudulent preference provided that: (a) the person preferred is a creditor (including a contingent creditor) when the transaction takes place; (b) in the event of the company going into liquidation, the transaction would place the person preferred in a better position than he would have been had the transaction not been entered into; and (c) the company was influenced by a 'desire to prefer' the person preferred. For a transaction to be voided under this heading, the company must have been unable to pay its debts at the relevant time, or the transaction caused it to become unable to pay its debts.

Voidable floating charge: A floating charge on the undertaking or property of the company which was created within twelve (12) months prior to the commencement of the winding up may also be set aside unless it can be proved that the company was solvent immediately after the creation of the charge.

Disclaimer of onerous contracts:

A liquidator has the power to disclaim onerous property or unprofitable or unsaleable contracts with the approval of the court at any time within twelve (12) months after the commencement of the winding up or within such extended period as may be allowed by the court. Any person who suffers a loss as a result of the disclaimer shall be deemed to be a creditor and may prove in the liquidation the amount of the debt.

Further, it is noted that there is no separate avoidance regime for setting aside transactions at undervalue. However, if transactions at undervalue purport to put assets beyond the reach of creditors, they may be declared void. Pursuant to the pertinent Cypriot legislation, any fraudulent transfer or alienation of assets may be rendered void by the court on the application of a judgment creditor.

13. How existing contracts are treated in restructuring and insolvency processes? Are the parties obliged to continue to perform their obligations? Will termination, retention of title and set-off provisions in these contracts remain enforceable? Is there any ability for either party to disclaim the contract?

Existing contracts are not automatically terminated on the commencement of restructuring or liquidation proceedings, subject to the liquidator's powers to avoid certain transactions entered into in the twilight period prior to insolvency and to disclaim onerous property including unprofitable or unsaleable contracts with the approval of the court (see above). Notwithstanding this, depending on the terms of the contract between the parties, the insolvency of one party may constitute an event of default entitling the other party to terminate.

Retention of title provisions remain enforceable. Furthermore, when a company goes into liquidation, mutual debts and mutual credits shall be set off against each other to arrive at a single sum to be paid or payable. These provisions apply respectively to the netting of debts.

14. What conditions apply to the sale of assets / the entire business in a restructuring or insolvency process? Does the purchaser acquire the assets "free and clear" of claims and liabilities? Can security be released without creditor consent? Is credit bidding permitted? Are pre-packaged sales possible?

Upon appointment, the liquidator takes into his or her custody or under his or her control all the property and rights in action which the company is entitled to for the purposes of asset realization and distribution in accordance with the statutory scheme (see above).

There are no statutory provisions that regulate the sale of assets in liquidation, however the liquidator has a common law duty to obtain the best price available in the circumstances. In practice, if creditors or members of the company have objected to a sale of assets, the liquidator will apply to the court for sanctioning such sale to protect himself or herself against any potential liability or claim.

A purchaser acquiring assets of a company in liquidation will take such assets "free and clear" of claims and liabilities provided they are not subject to any security or any security over them is discharged. Security cannot be released without a creditor's consent.

Pre-packaged sales are not common in Cyprus though they may be implemented through receivership.

15. What duties and liabilities should directors and officers be mindful of when managing a distressed debtor? What are the consequences of breach of duty? Is there any scope for other parties (e.g. director, partner, shareholder, lender) to incur liability for the debts of an insolvent debtor and if so can they be covered by insurances?

Directors (including shadow directors) owe fiduciary duties to the company having regard to the interests of the company's members as a whole. These duties include: (a) the duty to act bona fide in the best interest of the company; (b) the duty to exercise their powers for a proper purpose; and (c) to avoid placing themselves in a position of conflict between the interests of the company and their own interest (or the interests of the persons close to them). Directors (including shadow directors) also owe a common law duty to exercise reasonable care, skill, and diligence. When a company is insolvent, directors must exercise their powers in the best interests of the company having regard to the interests of its creditors rather than its members.

When managing a distressed company, directors must be mindful of not entering into antecedent transactions on behalf of the company which are susceptible to challenge (see above). Further, a liquidator can also pursue former and present directors (including shadow directors and de facto directors) for either breach of misfeasance or fraudulent trading. If it appears that any person has been carrying on the business of the company with an intent to defraud its creditors or for any other fraudulent purpose, a creditor, or the liquidator of the company may apply to the court for an order that such person contributes personally to the company's assets so as to enable the liquidator to make a distribution to creditors for their losses.

Liability for the debts of an insolvent debtor is not commonly covered by insurance.

16. Do restructuring or insolvency proceedings have the effect of releasing directors and other stakeholders from liability for previous actions and decisions? In which context could the liability of the directors be sought?

Restructuring or insolvency proceedings do not release directors and other stakeholders from liability for previous actions and decisions.

The Directors and other stakeholders can be held liable for actions and/or omissions occurred during their directorship or otherwise.

The liability of Directors can be sought in the breach of any of their duties owed to the company, which are: Fiduciary Duty, Duty to exercise reasonable skill and care and Statutory Duties.

17. Will a local court recognise foreign restructuring or insolvency proceedings over a local debtor? What is the process

and test for achieving such recognition? Does recognition depend on the COMI of the debtor and/or the governing law of the debt to be compromised? Has the UNCITRAL Model Law on Cross Border Insolvency or the UNCITRAL Model Law on Recognition and Enforcement of Insolvency-Related Judgments been adopted or is it under consideration in your country?

Cyprus is a party to the Recast EU Insolvency Regulation 2015/848 (the "**Insolvency Regulation**") pursuant to which all EU member states must recognize "main" insolvency proceedings by a competent court in an EU member state (provided that such proceedings are listed in Annex A of the Insolvency Regulation and on the condition that recognition would not be contrary to national public policy). Main proceedings must be opened in the EU member state where the company has its COMI, which is presumed to be the place of its registered office. For completeness, the said presumption does not apply in circumstances where the registered office has been transferred in the preceding three (3) months.

Under the Insolvency Regulation, where COMI is located in another member state, "secondary" insolvency proceedings can be opened in Cyprus against the same debtor if such debtor has an establishment in Cyprus. The effect of "secondary" insolvency proceedings would be limited to the assets situated in Cyprus.

In circumstances where the Insolvency Regulation is not applicable and in the absence of a bilateral treaty stating otherwise, Cypriot courts may recognise cross-border insolvencies and the appointment of a foreign liquidator on the basis of the common law principle of universalism.

Cyprus has not enacted legislation to adopt the UNCITRAL Mode Law on cross-border insolvency.

18. For EU countries only: Have there been any challenges to the recognition of English proceedings in your jurisdiction following the Brexit implementation date? If yes, please provide details.

Judgments obtained in England following the Brexit implementation date can be recognised pursuant to the Foreign Judgments (Reciprocal Enforcement) Law Cap.10, which is modeled on the English Foreign Judgments (Reciprocal Enforcement) Act 1933 given Cyprus' status as a former British colony.

Further, pursuant to the Hague Convention on Choice of Court Agreements (the "**Hague Convention**") to which the UK and Cyprus are parties, a judgment given by an English court (designated in an exclusive jurisdiction agreement within the meaning of the Hague Convention) can be recognised and enforced in Cyprus. Having said that, recognition under the Hague Convention does not extend to interim measures.

19. Can debtors incorporated elsewhere enter into restructuring or insolvency proceedings in the jurisdiction? What are the eligibility requirements? Are there any restrictions? Which country does your jurisdiction have the most cross-border problems with?

As mentioned above, main insolvency proceedings may be opened in Cyprus if the debtor's centre of main interests is in Cyprus. Where the debtor has only an "establishment" in Cyprus and "main" proceedings are pending in another EU member state, the Cypriot courts have jurisdiction to open "secondary" insolvency proceedings which would be restricted to the assets of the debtor that are located in Cyprus.

Further, in circumstances where the Insolvency Regulation is not applicable, the Cypriot courts may wind up a company incorporated outside Cyprus which is carrying on business in Cyprus, or, which having carried on business in Cyprus, ceases to do so, notwithstanding that the said company has been dissolved or ceased to exist in the country of its incorporation.

Cyprus does not have any particular cross-border problem with any particular jurisdiction.

20. How are groups of companies treated on the restructuring or insolvency of one or more members of that group? Is there scope for cooperation between office holders? For EU countries only: Have there been any changes in the consideration granted to groups of companies following the transposition of Directive 2019/1023?

Under Cypriot law each company within a corporate group is a separate legal entity with its own rights and liabilities. Directors are therefore required to consider the interests of creditors in relation to the company on

whose board they are sitting. Notwithstanding this, the Insolvency Regulation entails provisions which purport to facilitate cooperation between office holders.

Furthermore, examinership may be invoked to re-organise related companies and the same examiner may be appointed in this respect. In considering whether a related company must be placed under examinership (along with the company to which it relates), the court must be satisfied that examinership would likely facilitate the survival of, either of company or, both, and the whole or any part of its undertaking as a going concern.

There have been no applicable changes following the transposition of the Directive 2019/1023.

21. Is your country considering adoption of the UNCITRAL Model Law on Enterprise Group Insolvency?

Cyprus is not considering the adoption of the UNCITRAL Model Law on Enterprise Group Insolvency at this stage.

22. Are there any proposed or upcoming changes to the restructuring / insolvency regime in your country?

As mentioned above, the restructuring and insolvency regimes in Cyprus have undergone reforms in the last years.

Cyprus has also implemented the EU Directive 2019/1023 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency, and discharge of debt in the year 2022.

Cyprus is obliged to implement any applicable EU Directives in this respect.

23. Is your jurisdiction debtor or creditor friendly and was it always the case?

Historically, Cyprus has been perceived as a more debtor-friendly jurisdiction. However various reforms that have taken place have shifted the balance to facilitate debt recovery and modernise the liquidation regime. For example, recent legislative amendments introduced the rescue procedure of examinership allowing viable companies in financial distress to restructure and continue to trade and reduced the majority threshold required for scheme of arrangements (i.e. simple majority rather than special majority). Further, Cypriot courts are very quick in examining injunctions on a without notice basis (ex parte) which include, amongst others, asset freezing, discovery and tracing orders and where appropriate, the appointment of a receiver. By way of indication, an ex parte order can be issued within one (1) to two (2) days from the filing of the relevant application. Also, in the context of liquidations, creditors of the same class are treated equally irrespective of whether they are domiciled outside jurisdiction.

24. Do sociopolitical factors give additional influence to certain stakeholders in restructurings or insolvencies in the jurisdiction (e.g. pressure around employees or pensions)? What role does the State play in relation to a distressed business (e.g. availability of state support)?

There is generally no state support available to distressed businesses and sociopolitical factors do not normally influence restructurings or insolvencies. However, to mitigate any residual economic impact of the Covid-19 pandemic, the state has released and may continue to release support packages to preserve businesses and employment.

25. What are the greatest barriers to efficient and effective restructurings and insolvencies in the jurisdiction? Are there any proposals for reform to counter any such barriers?

The EU Directive 2019/1023 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency, and discharge of debt (the "**Directive**") has been implemented in the year 2022. The Directive introduces minimum standards for preventative insolvency proceedings across the EU so as to enable financially distressed debtors to address financial issues at an early stage and avoid formal insolvency proceedings. The examinership process under Cypriot law is a preventative tool which complies to an extent with the measures imposed by the Directive.

Contributors

Angelos G. Paphitis
Managing Partner
agp@agplaw.com

Myrianthi Papagianni
Senior Associate Lawyer
agp@agplaw.com