

# Legal 500

## Country Comparative Guides 2025

### Cyprus

### Lending & Secured Finance

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This country-specific Q&A provides an overview of lending & secured finance laws and regulations applicable in Cyprus.

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## Cyprus: Lending & Secured Finance

### 1. Do foreign lenders (including non-bank foreign lenders) require a licence/regulatory approval to lend into your jurisdiction or take the benefit of security over assets located in your jurisdiction?

As a general rule, foreign lenders (including non-bank foreign lenders) do not require a licence or regulatory approval to lend into Cyprus or to take the benefit of security over assets in Cyprus.

Indeed, the authorisation requirement set out in the business of credit institutions law of Cyprus (**BCI Law**) is linked to the acceptance of deposits or other repayable funds from the public, in Cyprus or abroad (based from Cyprus). As such, the BCI Law does not provide a licence requirement for foreign lenders (including non-bank foreign lenders) to lend in Cyprus.

However, non-credit institutions must be licensed by the Central Bank of Cyprus (**CBC**) in order to be able to provide credit falling within the ambit of the law on credit agreements for consumers relating to residential immovable property (**Mortgage Credit Law**).

The credit agreements falling within the ambit of the Mortgage Credit Law are agreements granting credit to a consumer:

- a. which are secured either by a mortgage on residential immovable property or by a right related to residential immovable property; or
- b. the purpose of which is to acquire or retain property rights in land or in existing or under construction buildings.

### 2. Are there any laws or regulations limiting the amount of interest that can be charged by lenders?

Under the Cyprus's Criminal Code, the charging or receipt of any amounts exceeding the reference interest rate published by the CBC (as at 31 January 2025 this was 11.50%) constitutes the criminal offence of usury. This does not apply in certain cases, specifically where:

- a. the lender is a credit institution;
- b. the lender and borrower are legal persons which are considered "connected persons" for purposes of

- section 33 of Cyprus Income Tax Law;
- c. the capital of a loan made to a legal person comes directly or indirectly from abroad, provided that the amount of such loan exceeds €1,000,000 and the minimum disbursement is €500,000; and
- d. a loan provided to a legal person is disbursed abroad, provided that the amount of such loan exceeds €1,000,000 and the minimum disbursement is €500,000.

Also, under the Liberalisation of Interest Rates Law (**LIR Law**), default interest cannot exceed 2%. Notably, whereas until recently the LIR Law only applied to authorised credit institutions and branches of EU credit institutions operating in Cyprus, in November 2024 the LIR Law was amended and its scope widened. It now also applies to (i) credit purchasers; (ii) credit acquiring companies; and (iii) non-bank lenders when lending within the scope of the Mortgage Credit Law (see question 1 above). Lenders in breach of the provisions of the LIR Law can be found guilty of a criminal offence and in case of conviction may be subject to up to two years of imprisonment and/or a fine up to €5,000.

Finally, in relation to consumers, under the Consumer Protection Law in Cyprus, a provision in an agreement imposing disproportionately high compensation on a consumer who does not perform their obligations under such agreement (for example being in default under a loan agreement) may be considered as an unfair term and therefore void.

### 3. Are there any laws or regulations relating to the disbursement of foreign currency loan proceeds into, or the repayment of principal, interest or fees in foreign currency from, your jurisdiction?

In 2016, the CBC issued a directive on credit granting and review processes (**Credit Granting Directive**). The Credit Granting Directive (as amended to date) is applicable to credit institutions which are authorised under the BCI Law and EU credit institutions that operate in Cyprus under the passporting provisions of the BCI Law and sets out certain requirements in case such institutions provide lending in foreign currency.

The Credit Granting Directive requirements include

certain obligations in relation to foreign loans granted by in-scope credit institutions, the most important of which are the following:

- a. to provide borrowers with adequate information regarding the risks involved in foreign currency lending to enable them to take well-informed and prudent decisions;
- b. to warn borrowers in writing and on a regular basis of fluctuations which would result in the value of the total outstanding amount repayable by the borrower or the regular instalments payable by the borrower, varying by more than 20%, compared to what it would have been if the loan had not been made in foreign currency; and
- c. to provide borrowers with a right to convert their loan into an alternative currency which the bank trades in and the borrower is deemed to have a connection to under the provisions of the Credit Granting Directive (e.g. their income is in such alternative currency or the alternative currency is the currency of the country they reside).

The Credit Granting Directive does not apply to credit agreements related to syndicated loans.

**4. Can security be taken over the following types of asset: i. real property (land), plant and machinery; ii. equipment; iii. inventory; iv. receivables; and v. shares in companies incorporated in your jurisdiction. If so, what is the procedure – and can such security be created under a foreign law governed document?**

Yes, security can be taken in relation to all the above types of assets under Cyprus law. Depending on the type of security:

- a. this may be created under foreign law governed documents;
- b. perfection requirements may apply; and
- c. relevant registrations of the security may need to be made to the Registrar of Companies in Cyprus, the Cyprus Stock Exchange, the Land Registry and any other competent authorities.

#### **Real estate**

The most common way to take security over real estate is through a mortgage. The creation of a mortgage on real estate is regulated by the Cyprus Immovable Property (Transfer and Mortgage) Law (**Immovable Property Law**). A mortgage agreement relating to immovable property in

Cyprus must be governed by Cyprus law in order to be effective.

A mortgage on real estate must be registered with the land registry in Cyprus. The registration of the mortgage with the land registry creates a priority for the mortgagee on the immovable property for the amount the mortgage was registered. In case of a default on the loan which is secured by the mortgage, the lender may foreclose the mortgaged property by following the procedure set out in the Immovable Property Law.

Where the owner of the mortgaged property is a company, the mortgage also needs to be registered with the Registrar of Companies in Cyprus.

#### **Equipment, Plant and Machinery**

Security may be granted over equipment, plant and machinery. The most common way to provide security over such assets is through a charge (either fixed or floating). A fixed charge over any equipment, plant, machinery or such similar asset will impose restrictions as to dealings with the equipment whereas a floating charge will usually allow dealings within the normal course of business of the chargor until the floating charge is crystallised. Such charges usually also provide for the appointment of a receiver by the beneficiary of the charge.

In case the owner of the charged assets is a company, the charge must also be registered with the Registrar of Companies in Cyprus.

#### **Inventory**

A fixed or floating charge may be created over inventory in the same manner as with equipment.

#### **Receivables**

Typically, security over receivables (either current or future) is taken through an assignment of the contractual right to the receivables. The assignment gives the secured lender priority over unsecured creditors in claiming the assigned receivable. In case of a default by the borrower, the secured lender shall be able to collect the payments directly from the source of the receivable.

There is no requirement to obtain the consent of the payer of the receivable to assign the right to it, unless there is an express requirement in the relevant agreement between the payee and the assignor. However, it is good practice to notify the payee to ensure they are aware of the assignment. In case the assignor is a company, the charge will need to be registered with the Registrar of

Companies in Cyprus.

### Shares in Cypriot companies

The provision of a charge over the shares and a pledge over the share certificates of a Cypriot company is one of the most popular types of security. A Cyprus law governed share pledge must comply with a number of requirements set out in Cyprus's Contract Law, Cap. 149 (**Contract Law**) in order for the pledge to be valid.

Pursuant to the Contract Law the share charge and pledge agreement must be:

- a. expressed in writing;
- b. signed by the pledgor; and
- c. made in the presence of at least two witnesses competent to contract themselves.

At the same time, the following formalities must also be complied with:

- a. the original share certificate must be delivered to the pledgee;
- b. a notice of the share pledge together with a certified copy of the share charge and pledge agreement must be given by the pledgee to the company (the shares of which are being pledged);
- c. the company must make a memo of such pledge in its register of members; and
- d. the company must then deliver to the pledgee a certificate confirming that a memo of the share pledge has been made on its register of members as mentioned above.

The provision of a charge over the shares and pledge over the share certificates in a Cypriot company is not registrable with the Registrar of Companies in Cyprus.

### 5. Can a company that is incorporated in your jurisdiction grant security over its future assets or for future obligations?

Cypriot companies may grant security over their future assets. This is usually effected through the granting of a floating charge over all of such company's assets. Assignment of receivables is another way to grant security over future assets.

However, there are certain assets where specific formalities exist under Cyprus law in respect of proving that an owner has good title over them – such as immovable property or shares in a Cyprus company. A lender shall only be able to take effective security over such type of assets to be owned in the future by the

chargor once the assets are properly registered in the name of the chargor and the relevant formalities in respect of the title and the particular type of security are duly satisfied.

### 6. Can a single security agreement be used to take security over all of a company's assets or are separate agreements required in relation to each type of asset?

A single security agreement can be used to take security over all of a company's assets, provided that all the formalities or other requirements of Cyprus law are duly complied with.

Although there is no restriction in doing so, it is nevertheless not common in Cyprus for different types of security to be set out in a single security agreement. Where different types of security will be set out in a single security agreement, the lender's counsel will need to take into consideration perfection requirements applicable to each type of security being taken. For example, if a share pledge is created, the perfection requirements set out in question 4 above will need to be complied with but if a floating charge is also included in the same document it will need to be registered with the Registrar of Companies.

### 7. Are there any notarisation or legalisation requirements in your jurisdiction? If so, what is the process for execution?

No express notarisation or legalisation requirements exist under Cyprus law. Nevertheless, as a matter of practice lenders and certain authorities may require that any financing and transaction documents are signed before a certifying officer in Cyprus. Certifying officers in Cyprus are authorised by law to certify and confirm the identity of the person executing a particular document but do not have the authority to confirm the capacity or authority of such person.

Additionally, if documents are executed abroad, lenders or any authorities involved may require for such documents to be notarised or legalised pursuant to the laws of the country where they will be executed or to be signed before a Consular Officer of the Republic of Cyprus. The latter is mostly applicable in the case of documents submitted with Cypriot authorities.

### 8. Are there any security registration

## requirements in your jurisdiction?

In accordance with the Cyprus' Companies Law, Cap. 113 (**Companies Law**), security provided by companies must be registered in the Registrar of Companies in Cyprus, otherwise such security shall not be valid against a liquidator or a creditor of such company. The registration requirement does not apply in relation to pledges on share certificates or other charges on shares in a company registered in Cyprus.

Mortgages and other charges on immovable property must also be registered with the Land Registry Department. As regards mortgages over ships registered in Cyprus, similar registration requirements exist and such mortgages must be registered with the Deputy Ministry of Shipping.

At the same time, any charges (and any amendments to such charges) on a company's assets must be recorded in the register of charges of the company within set timelines. In the case of a charge on shares and pledge on share certificates, a note must be also made in the register of members of the company whose shares are being charged (please see question 4 above).

The timing of the registration of securities with the relevant authority may affect their priority in a potential insolvency.

## 9. Are there any material costs that lenders should be aware of when structuring deals (for example, stamp duty on security, notarial fees, registration costs or any other charges or duties), either at the outset or upon enforcement? If so, what are the costs and what are the approaches lenders typically take in respect of such costs (e.g. upstamping)?

In order for any document to be admissible in court or to be submitted to any public authority in Cyprus, the relevant stamp duty payable on the relevant document must have been duly paid. Stamp duty is payable in Cyprus in connection to the execution or enforcement of financing documents.

The payable stamp duty is calculated on the value of the transaction in question. The law contains specific provisions on the amount of stamp duty payable on each type of transaction. Transaction documents involving financing and lending would attract stamp duty as follows:

For amounts up to €5,000, no stamp duty is payable. If the agreement in question involves amounts between €5,001 and €170,000, a stamp duty of 0.15% would be payable whereas 0.2% is applied to any agreement with a value over €170,000. The maximum stamp duty applied to an agreement is capped at €20,000.

Under the provisions of the Stamp Duty Law of Cyprus, the obligation to pay stamp duty is created on or before the date the relevant document is signed or on the date it is physically received in the Republic of Cyprus (for documents signed abroad). Indeed, under the Stamp Duty Law, such document must be stamped within 30 days of either (i) its signature (in case the document was signed in Cyprus and if any relevant law does not provide differently) or (ii) its receipt in the Republic of Cyprus, otherwise penalties may apply. Most of the times, financing documents are stamped within the set deadlines in order to avoid penalties.

Fees are also payable in relation to the registration of securities with the Registrar of Companies in Cyprus and the Land Registry. In relation to the registration of a mortgage, fees amounting to 1% of the amount of the mortgage are paid at the Land Registry.

## 10. Can a company guarantee or secure the obligations of another group company; are there limitations in this regard, including for example corporate benefit concerns?

The provision of guarantees or security by a company for the purpose of securing the obligations of another group company is common practice in Cyprus. The provision of such security must be expressly permitted by the memorandum and articles of association of the company granting such guarantee or security and must be justified as being in the best interests of such company (as directors owe a duty to the company to promote its best interests).

The company providing such security for the benefit of another group company must receive commercial or corporate benefit from such action. This is related to the duty of directors to promote the best interests of the company (applicable in Cyprus through common law). In many cases, there will be sufficient commercial benefit when granting a security for a group company (increased profitability, increased value of shares, increased dividends – when the security is granted for the benefit of a subsidiary company). In any case, the existence of a corporate benefit must be justified in a decision taken by the board of directors of the security provider when approving the granting of such security.



The provision of such security is also subject to financial assistance limitations which are set out in the Companies Law. These provide that a company may not provide financial assistance (i.e. directly or indirectly grant a loan or provide a guarantee or security over its assets to a third party) for the purpose of or in relation to the acquisition of its shares or shares in its holding company.

The prohibition of financial assistance is subject to certain exemptions including where a private company (that is not a subsidiary of a public company) approves, in a general meeting by a majority of more than 90% of the voting shares, any action that may constitute financial assistance (whitewash resolution).

**11. Are there any restrictions against providing guarantees and/or security to support borrowings incurred for the purposes of acquiring directly or indirectly: (i) shares of the company; (ii) shares of any company which directly or indirectly owns shares in the company; or (iii) shares in a related company?**

As mentioned in question 10 above, subject to certain exemptions, a company is not allowed to provide financial assistance (directly or indirectly, through the provision of a loan, guarantee, security) for the purpose of or in relation to the acquisition of its shares or shares in its holding company. The prohibition of the provision of financial assistance does not apply in relation to the acquisition of shares in a related company other than a holding company.

**12. Can lenders in a syndicate (or, with respect to private credit deals, lenders in a club) appoint a trustee or agent to (i) hold security on the lenders's behalf, (ii) enforce the lenders' rights under the loan documentation and (iii) apply any enforcement proceeds to the claims of all lenders in the syndicate?**

Yes, the concept of agency is recognised in Cyprus under the Contract Law. An agent is a person employed to do any act on behalf of another person or represent another in dealings with third persons. Contracts entered into through an agent may be enforced and will have the same legal effect as if the contracts had been entered into by the principal in person.

Thus, a trustee or agent may be appointed to take any of the actions mentioned above on behalf of all lenders in a

syndicate (or, with respect to private credit deals, lenders in a club), provided this is expressly set out in the relevant agreement.

**13. If your jurisdiction does not recognise the role of an agent or trustee, are there any other ways to achieve the same effect and avoid individual lenders having to enforce their security separately?**

N/A

**14. Do the courts in your jurisdiction generally give effect to the choice of other laws (in particular, English law) to govern the terms of any agreement entered into by a company incorporated in your jurisdiction?**

- a. the express choice of the law of any EU member state law to govern the validity, construction, performance and enforceability of any financing or security documents, will be upheld as a valid choice of law, if any disputes arising on the basis of or pursuant to such documents come before the Cyprus courts, except to the extent that any of the terms of the documents or any of the provisions governed by law other than Cyprus law applicable to the documents are:
  - i. considered as being contrary to or irreconcilable with material principles of Cyprus law – to the extent that such material principles of Cyprus Law constitute overriding mandatory provisions in accordance with the provisions of Article 9 of Regulation (EC) No 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I); and/or
  - ii. manifestly incompatible with the public policy (*ordre public*) of the Republic of Cyprus in accordance with the provisions of Article 21 of Regulation (EC) No 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I); or
  - iii. revenue, customs or penal matters.
- b. the express choice of English law or any law of any other non-EU member state, to govern the validity, construction, performance and enforceability of the documents, will be upheld as a valid choice of law if any disputes arising on the basis of or pursuant to the documents come before the Cyprus courts, provided that, such choice of law is bona fide and not contrary

to public policy, as that term is understood under the laws of Cyprus and also provided such choice of law is not considered as being of a penal nature or contrary to or inapplicable pursuant to any mandatory law provisions of Cyprus Law which may apply irrespective of the proper law which governs the relevant documents.

**15. Do the courts in your jurisdiction generally enforce the judgments of courts in other jurisdictions (in particular, English and US courts) and is your country a member of The Convention on the Recognition and Enforcement of Foreign Arbitral Awards (i.e. the New York Arbitration Convention)?**

A final and conclusive judgment of a court of an EU member state would be recognized by the courts of the Republic of Cyprus in any enforcement proceedings carried out in the Republic of Cyprus (i) pursuant and subject to the Civil Procedure Laws and Rules of the Republic of Cyprus and (ii) provided that all the relevant provisions of Regulation (EU) No 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, have been duly complied with.

A Cypriot Court will recognise and enforce any final, conclusive and enforceable judgement issued against a Cypriot defendant by the competent courts of England and Wales provided always that the relevant provisions of the Foreign Judgements (Reciprocal Enforcement) Law, Cap. 10 have been duly complied with, as regards the recognition or enforcement of such judgment.

A Cypriot Court will recognise and enforce any final, conclusive and enforceable judgement issued against a Cypriot defendant by the competent courts of a contracting state with which the Republic of Cyprus has a bilateral or other treaty in place for recognition and enforcement of judgements, provided always that the relevant provisions of such treaties have been duly complied with, as regards the recognition or enforcement of such judgment.

If no such bilateral or other treaties exist between Cyprus and another state, providing for the reciprocal recognition and enforcement of judgments, a final and conclusive judgment by the courts of such a state would not be automatically recognised or enforceable in Cyprus. A final and conclusive judgment by the courts of such a state may be enforced by the party in whose favour the judgment has been issued by filing, under principles of

common law, its claim as a new court action with a Cypriot court of competent jurisdiction to be adjudicated. In line with current practice, this party may submit to the Cyprus court, under the fresh action, the final judgment rendered by the court in the other state.

If and to the extent that the Cyprus court finds (i) the jurisdiction of the court of such a state to have been based on internationally acceptable grounds and that (ii) the legal procedures comparable with Cypriot concepts of due process have been followed, the Cypriot court will, in principle, grant the same judgment as the judgment of the court of the other state, provided that:

- a. the original court was of competent jurisdiction and the original judgment was final and conclusive;
- b. the original judgment does not involve a tax, penal or criminal penalty, was not obtained by fraud or contrary to natural justice or the judgment and its enforcement would not contravene any Cypriot principles of public order or public policy;

Cyprus is a party to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention). As such, Cyprus must recognize arbitral awards as binding and enforce them in accordance with the rules of procedure of the territory where the award is relied upon, in accordance with the provisions set out in the New York Convention.

**16. What (briefly) is the insolvency process in your jurisdiction?**

In case a company is unable to pay its debts, it may be liquidated by the court. An application for the liquidation of a company by the court may be submitted by, amongst others, the company itself or a creditor.

A company shall be deemed as unable to pay its debts in accordance with the Companies Law if:

- a. a creditor, to whom the company owes an amount over €5,000 has made a demand to the company requiring it to pay such due amount and the company does not within the period of three weeks from such demand pay the amount or otherwise secures it;
- b. execution or other process issued on a judgment, decree or order of any court in favour of a creditor of the company is returned unsatisfied in whole or in part; or
- c. it is proved to the satisfaction of the court that the company is unable to pay its debts. In determining whether a company is unable to pay its debts, the court takes into account the contingent and

prospective liabilities of the company;

- d. it is proved, to the satisfaction of the court, that the value of the company's assets is less than the amount of its liabilities, taking into account its contingent and future liabilities.

In case a company is unable to pay its debts and where liquidation proceedings have not been initiated, an examiner may be appointed to examine and handle the affairs of the company. An application for the appointment of an examiner may be submitted by, *inter alia*, the company itself, a creditor or members of the company who at the time of the application hold at least 10% of its paid share capital with voting rights. The court will order the appointment of an examiner only if it is satisfied that there is a reasonable prospect of survival of the company and all or any part of this business as a going concern.

An examiner so appointed submits proposals and settlement plans (with creditors) to the court for approval.

### 17. What impact does the insolvency process have on the ability of a lender to enforce its rights as a secured party over the security?

Upon initiation of insolvency proceedings in relation to a company and appointment of a liquidator, the liquidator takes into their custody or under their control all property and things in action to which the company is entitled. During such time, the court's leave is required to continue or commence any action against the company. Similarly, any disposal of the property of the company will be void, unless the court otherwise orders or approves.

Following a liquidation order, secured creditors must submit to the liquidator a preliminary assessment of the value of the secured property. In case the parties do not agree as to the value of the secured property, a third-party valuator may be appointed.

A secured creditor must submit a claim for proof in insolvency in the form prescribed by the applicable legislation (to include details as to the value of the secured property). The liquidator must assess such claim within set deadlines and accept or reject it in writing (providing reasons for such rejection), in whole or in part, or require further testimony in support of it.

A secured creditor who has disposed of the asset on which they had security may submit a claim for proof for the remaining amount of debt. In case the secured creditor hands over their security to the liquidator, they may submit a claim for proof for the entire debt as if this

was unsecured.

Despite the above, if the court is satisfied (upon an application of the liquidator) that the disposal of any secured property by the liquidator may cause a more favorable liquidation of the assets of the company, it can order the vesting of the secured property in the name of liquidator. In such case, the liquidator will take into custody the secured property for the purpose of disposing of it or exercising their powers in relation to it.

The secured creditor will have the same priority in respect of any property of the company which directly or indirectly represents the property disposed of as they would have in respect of the property subject to the security.

### 18. Please comment on transactions voidable upon insolvency.

Certain transactions will be deemed as voidable upon insolvency under Cyprus law. These include transactions which are deemed to be "fraudulent preferences".

For this purpose, transactions will be considered as a "fraudulent preference" and therefore void against a company's liquidator where they involve the charge, transfer, payment or any other act relating to the property of a company for the benefit of one of its creditors and:

- a. the company was unable at the time to pay its debt as they fell due;
- b. the relevant transaction took place in the six-month period prior to the company entering into liquidation; and
- c. the transaction was performed with the intention of putting the relevant creditor in a preferential position to the other creditors of the company.

A creditor who is deemed to have been preferred in accordance with the above will be subject to the liabilities of the company as if they had undertaken to be personally liable for the company's debts to the extent of the charge on the property or the value of their interest, whichever is the less.

Furthermore, a floating charge on the undertaking or property of a company under liquidation created within twelve months of the commencement of the liquidation will, unless it is proved that the company immediately after the creation of the charge was solvent, be invalid. However, the floating charge shall not be deemed as invalid in relation to any amounts paid to the company at the time of or subsequently to the creation of, and in



consideration for, the charge, together with interest on that amount

Similarly, if during the liquidation of a company it appears that any business of the company has been carried on with intent to defraud the creditors of the company in liquidation or creditors of any other person or for any fraudulent purpose, the court may (upon application of, *inter alia*, the liquidator or any creditor of the company in liquidation) declare that any persons who were knowingly parties to the carrying on of such business be held as personally liable for all or any of the debts or other liabilities of the company as the court may direct.

### 19. Is set off recognised on insolvency?

Yes. In case of insolvency, under Cyprus law, set-off applies in relation to mutual credits, mutual debts or other mutual dealings between a debtor and a creditor.

The term "mutual dealings" is not defined by the law and has been interpreted by caselaw. The following have been noted in relation to "mutual dealings":

- a. only monetary claims can be set off;
- b. dealings must arise out of contract;
- c. even unliquidated claims for damages and claims arising out of isolated dealings may be set-off;
- d. where the debt has been assigned or charged, a claim to set off cannot be made by or against the assignor or chargor because it is no longer claimed in the same right; and
- e. the debt sought to be set off against the liquidator must be a debt provable in bankruptcy or liquidation.

Set-off in insolvency is mandatory and cannot be contractually excluded.

### 20. Are there any statutory or third party interests (such as retention of title) that may take priority over a secured lender's security in the event of an insolvency?

In case the borrower has contractually agreed to an effective retention of title clause for goods it acquires from its suppliers or other third parties, such goods will

not be considered as part of the borrower's assets and therefore would not fall within the scope of a lender's floating charge in case this crystallises on insolvency.

### 21. Are there any impending reforms in your jurisdiction which will make lending into your jurisdiction easier or harder for foreign lenders?

As far as we know, there are no such impending reforms in Cyprus.

### 22. What proportion of the lending provided to companies consists of traditional bank debt versus alternative credit providers (including credit funds) and/or capital markets, and do you see any trends emerging in your jurisdiction?

The vast majority of lending in Cyprus comprises of traditional lending from commercial banks. Raising finance through capital markets is not common and is rarely used. We do not see any significant change in the above trends over the short-term future.

### 23. Please comment on external factors causing changes to the drafting of secured lending documentation and the structuring of such deals such as new law, regulation or other political factors

The rise of fintech may lead to new forms of secured lending such as digital assets being used as collateral. Also, the expected digitalization of land registries may drive procedure changes to taking security over real estate.

At the same time, laws introduced in relation to interest rates and the protection of consumers affect the drafting of secured lending. For example, certain clauses used by lenders in consumer lending are being redrafted by lenders to ensure they are in accordance with the latest guidance and applicable law as to consumer protection. Sustainability regulation will also be driving the inclusion of particular clauses in financing documentation going forward.

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