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Banking and Finance



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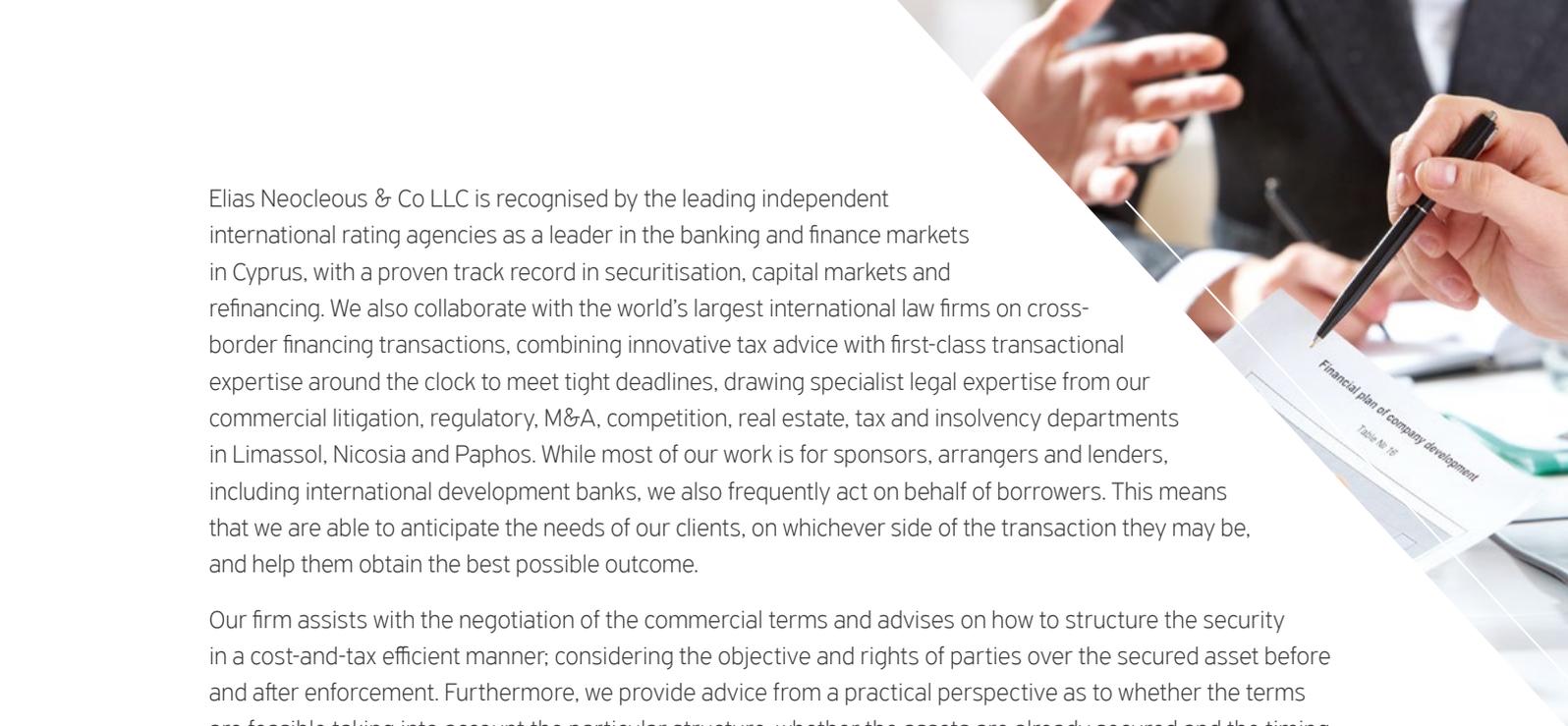
The sustained improvement in the Republic of Cyprus' sovereign credit rating, together with the 3.3% increase in real GDP achieved in Q1 2017 and further expected growth, against a backdrop of moderate but consistent growth in international markets, have resulted in increased activity in financing and re-financing projects in Cyprus. Cyprus is a common law jurisdiction, which makes it easy for our team to structure and implement the financing and the collateral in Cyprus in a way which is familiar to financiers and their advisors.

The Companies Law of Cyprus CAP 113 (as amended) (the "Companies Law") which is based on the English Companies Act and has been aligned with EU law (for example by incorporating provisions for financial collateral arrangements), in conjunction with other laws in Cyprus allows for security interests to be created almost on any form of asset, whether it is present, future, movable or immovable, tangible or intangible. Furthermore, the Contract Law of Cyprus CAP 149 provides for the creation of a statutory pledge over share certificates of a company registered and existing in Cyprus which is a form of possessory security interest over the share certificate. The enforcement mechanism of the share pledge is contractually agreed by the parties to it in conjunction with the statutory provisions of the Contract Law. When structuring the security one consideration is whether the party providing the security should retain possession of the asset which is secured as most lenders prefer to have a non-security interest and the laws of Cyprus provide several options in this respect. Furthermore, there is no requirement under Cyprus law to create a parallel debt obligation as security trusts are recognised. This is another advantage especially in syndicated loan structures whereby it is common to have a security trustee and the 'secured obligations' can be 'an all monies' security. Common forms of security created in Cyprus are:

- Mortgage
- Charge (which may be floating and or fixed)
- Pledge of share certificates
- Liens
- Quasi security such a negative pledge and
- Assignments by way of security



“Elias Neocleous & Co LLC frequently advises local and overseas banks on complex transactions and also routinely receives referrals from major international law firms” - The Legal 500



Elias Neocleous & Co LLC is recognised by the leading independent international rating agencies as a leader in the banking and finance markets in Cyprus, with a proven track record in securitisation, capital markets and refinancing. We also collaborate with the world's largest international law firms on cross-border financing transactions, combining innovative tax advice with first-class transactional expertise around the clock to meet tight deadlines, drawing specialist legal expertise from our commercial litigation, regulatory, M&A, competition, real estate, tax and insolvency departments in Limassol, Nicosia and Paphos. While most of our work is for sponsors, arrangers and lenders, including international development banks, we also frequently act on behalf of borrowers. This means that we are able to anticipate the needs of our clients, on whichever side of the transaction they may be, and help them obtain the best possible outcome.

Our firm assists with the negotiation of the commercial terms and advises on how to structure the security in a cost-and-tax efficient manner; considering the objective and rights of parties over the secured asset before and after enforcement. Furthermore, we provide advice from a practical perspective as to whether the terms are feasible taking into account the particular structure, whether the assets are already secured and the timing of the matter. We consider and advise on:

- Type of loan
- Rights of secured party/borrower once the security becomes enforceable
- Validity and enforceability of the security under the laws of Cyprus
- Fees for registering the security with the Registrar of Companies of Cyprus, the land registry or other applicable registries
- Stamp duty and whether the matter can be structured in a way which may enable the triggering of the stamp duty to be postponed
- Whether the governing law and or jurisdiction (other than Cyprus) of a transaction document will be recognised and enforced in Cyprus
- The impact of hardening periods and other insolvency provisions on the security
- Perfection of security including whether (i) the asset secured has to be possessed, (ii) it has to be registered, (iii) in a specific form/witness and or (iv) notice
- Rankings of security and the distribution of assets to secured and unsecured creditors, preferential creditors and employees
- Subordination and contractual waterfall provisions and
- Release of security

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on our heritage.
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for the future.

Contact Our Team

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Elias Neocleous & Co LLC is the largest law firm in Cyprus and is internationally recognised as a leading law firm in the South-East Mediterranean region.

We are the only Cyprus firm selected for Legal Business magazine's **"Euro Elite" top 100 firms** in Europe. We have more than 140 fee-earners and management team whose skills we leverage to assist clients. We serve clients out of three offices in Cyprus and out of an international network of offices in the main destinations for investment via Cyprus.

Our staff have unmatched experience in assisting clients in cross-border investment projects in Europe, Asia, Africa and the Americas. Our attention to client service is what sets us apart.

For us the client comes first.

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