

Cyprus

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Andreas Neocleous & Co Limassol

As a full member of the EU, Cyprus is undertaking an ongoing programme of reform to modernize and liberalize the country's economy, and to provide a foundation for its participation in the eurozone.

To this end, the legal framework governing banking and financial activity in Cyprus has already been largely codified and harmonized with the relevant EU Directives.

Banking and financial services

The Banking Laws of 1997 to 2004 are the set of laws that regulate the exercise of banking activity in Cyprus. They are guided by recommendations of the Basle Committee on Banking Supervision and EU Directives on banking regulation. There have been several amendments to these laws over the past two years.

The Investment Services (Amendment 2) Law (the IS Law) was enacted in November 2004 to implement Directive 2002/87 on financial conglomerates. The IS Law requires the Central Bank of Cyprus to consult the competent supervisory authorities of other member states in cases where the supervised bank is a subsidiary of a bank, investment firm or insurance undertaking regulated by the other member state. It also enables the Central Bank to consolidate supervision covering specific cases of groups where the parent bank is incorporated in a third country or member state. Lastly, the IS Law states that all banks are subject to the same supervision, whether or not they are part of a financial conglomerate.

In accordance with the Financial Services Action Plan (FSAP), the House of Representatives enacted the Banking (Amendment) Law, 151(I) of 2004, which implements Directive 2001/24 on the reorganization and winding up of credit institutions. According to this law, the reorganization measures and winding up proceedings in respect of a bank authorized to operate in Cyprus – including its branches in another member state – will be governed by Cypriot law. Conversely, the reorganization measures and winding up proceedings adopted by the authorities of another member state in respect of a bank incorporated

in that state will be recognized by Cypriot law and implemented with regard to its branches operating in Cyprus.

In relation to cooperative credit and savings societies, the amending Law 145(I) of 2004 came into force on April 30 2004, harmonizing the relevant legislation with Directives 2000/46 on the business of electronic money institutions, 2000/28 on the definition of a credit institution, and 2001/24 on the reorganization and winding up of credit institutions.

Lastly, Law 200(I) of 2004 (also enacted in 2004) implements Directives 85/611 and 88/220 on collective investment undertakings as amended to date. This law regulates the structure, organization and operation of open-ended collective investment schemes in moveable securities and other liquid financial instruments (Ucits), their investment and borrowing policies, their tax status, the supervisory authority of the Cypriot Securities and Exchange Commission (the Cypriot SEC) and other relevant matters.

Securities

In accordance with the FSAP, a law on insider dealing and market manipulation has been drafted to transpose market abuse Directive 2003/6 and related directives into the national legislation, replacing existing legislation on this issue. The main aim of the law is to ensure prompt and fair disclosure of information to the public to enhance market integrity. According to the law, the Cypriot SEC is the single competent authority charged with ensuring that the provisions are applied, and with imposing administrative sanctions.

In September 2004, another draft law – concerning the admission of securities, the obligations of issuers and the information to be published in compliance with Directive 2001/34 on the admission of securities to official stock exchange listing – was submitted for legal vetting.

A draft law amending the Invitation to the Public for Investment Law of 2002 in accordance with the prospectus Directive 2003/71 has also been submitted for legal vetting.

Directive 2004/39 on markets in financial instruments, and Directive 2004/25 on takeover bids, have not yet been implemented, although they are the next in line.

Corporate and commercial

Recommended firms

Tier 1

Andreas Neocleous & Co

Tier 2

Antis Triantafyllides & Sons

Chrysses Demetriades & Co

Tier 3

Chryssafinis and Polyviou

Dr K Chrysostomides & Co

George L Savvides & Co

Georgiades & Pelides

Montanios & Montanios

L Papaphilippou & Co

Tassos Papadopoulos & Co

Andreas Neocleous & Co

Andreas Neocleous & Co remains a premier legal firm in Cyprus, one market commentator saying that the firm has “demonstrated careful analysis” in relation to various top-level transactions. The firm’s lawyers are capable of conducting business in seven languages, and the firm itself boasts an enviable list of clients that includes Bank of America, the European Bank for Reconstruction and Development, the European Investment Bank, ING Barings, JP Morgan Chase and Lloyds. The firm also has close links with foreign law firms (including members of London’s magic circle), providing Andreas Neocleous & Co with a steady volume of referral work on Cypriot legal issues.

The firm also created the Middle East Legal Alliance, a group of the leading independent law firms in the region that provides coordinated and reliable legal assistance to international businesses looking to invest or carry out other business activities in the Middle East. In light of Cyprus’s entry into the EU, its role as a regional hub in the Middle East has increased, and this is reflected in the firm’s growing involvement with Middle Eastern legal affairs.

Four new associates have joined the firm this year, increasing the corporate and commercial team to five partners and 16 associates. Client satisfaction is high, one client remarking that the firm’s lawyers are “extremely capable advocates that perform what they promise, when they promise it”. Another client, meanwhile, describes leading lawyers Kyriacos Georgiades and Elias Neocleous as “highly responsive, consistently thorough, professional and congenial”. Their colleague Panayiotis Neocleous is also recommended highly by clients of the firm.

Andreas Neocleous & Co’s deal highlights justify its top-tier ranking again this year. The firm recently advised the financier and developer on devising the corporate and finance structure and transaction documents for the largest property development project in Moscow, which was valued at \$2 billion. In a \$150 million deal, Andreas Neocleous & Co is working alongside Dewey Ballantine to provide Merrill Lynch with structured finance and securitization advice in relation to placing short-term bonds with a number of Cypriot banking institutions.

In an excellent example of the firm’s crucial referral network in action, at the time of writing Andreas Neocleous & Co is

providing corporate advice and legal support to Allen & Overy, Stephenson Harwood and Johnson Stokes & Master on the \$190 million financing and refinancing of 14 container vessels. Among the year’s other ongoing highlights, the firm is also providing corporate and tax advice to an internet start-up company raising €100 million through a London Alternative Investment Market (Aim) securities listing.

Other clients of the firm include Kommunalkredit, Debenhams Retail and Henkel.

Leading lawyers

Kyriacos Georgiades

Elias Neocleous

Key contact partners

Kyriacos Georgiades

Elias Neocleous

Antis Triantafyllides & Sons

The law firm of Antis Triantafyllides & Sons was founded in 1955 and is one of the oldest firms on the island. Peers and clients perceive it to be a practice with a highly international outlook (particularly in respect of transactions involving a Russian element) that is capable of providing services in all areas of law. The firm, which comprises 14 lawyers, is well regarded by its peers, who describe it as “a very good boutique law firm that receives instructions from important international clients.”

Name partner Antis Triantafyllides is the Cyprus member of the International Chamber of Commerce’s arbitration court, while his sons (George and Stelios) both earn praise from the market for the quality of their work. According to peers, “the quality of the Antis Triantafyllides’ work is very good,” and the firm is “becoming increasingly comparable” to the top Cypriot corporate law firm, Andreas Neocleous & Co. It will be interesting to see how the firm manages to develop its profile over the next few years – with increasing visibility on the island’s top transactions, especially in view of the country’s accession to the EU, it might pose a real challenge to the dominance of rival firm Andreas Neocleous & Co.

Leading lawyer

Antis Triantafyllides

Key contact partner

Stelios Triantafyllides

Chrysses Demetriades & Co

Chrysses Demetriades & Co is recommended highly by peers and clients as one of the premier law firms in Cyprus. The firm’s Limassol office comprises 26 associates and 11 partners, of which 12 (five partners and seven associates) are dedicated to handling corporate and commercial work. The corporate and commercial practice’s numbers have been boosted recently with the hiring of new associate Christina Papamarcou in November 2004.

From among the talented team, leading lawyer Christos Mavrellis is most frequently recommended by his peers as an excellent and experienced corporate and commercial lawyer.

The firm's sizeable corporate department lists among its clients some of the biggest public companies on the island, as well as many multinationals that operate from or through Cyprus. Chrysses Demetriades & Co conducts business in English, Russian and French.

Leading lawyer

Christos Mavrellis

Key contact partner

Christos Mavrellis

Chryssafinis and Polyviou

Chryssafinis and Polyviou's small corporate and commercial department consists of a "very good team" of lawyers. The firm is the oldest law firm in Cyprus, and is deeply involved in banking work – the Bank of Cyprus is one of Chryssafinis and Polyviou's key clients. Name partner Polis Polyviou stands out as being "an excellent banking lawyer".

Leading lawyer

Polis Polyviou

Key contact partner

Polis Polyviou

Dr K Chrysostomides & Co

Dr K Chrysostomides & Co was founded by two of its senior partners after they split off from another law firm in Nicosia. The firm now comprises a team of 16 lawyers who, in addition to being general practitioners, each specialize in a particular field of law. The firm conducts business in English, French, German and Greek, and is one of the largest law firms in Cyprus. With offices in Nicosia, Limassol and Larnaca, the firm is renowned for its work in banking and trusts. The firm enjoys close ties to the government, partly because one of the firm's founders, Kypros Chrysostomides, is the government spokesman.

Dr K Chrysostomides & Co is the exclusive Cypriot member of international law firm network Lex Mundi, and covers all aspects of financial law advice. Clients of the firm include Société Générale Cyprus, Barclays Bank, Universal Bank and numerous other banking institutions with interests or operations in Cyprus.

Key contact partners

Eleni Chrysostomides

Chryso Dekatris

Georgiades & Pelides

Georgiades & Pelides remains a highly regarded Cypriot law firm that has a broad corporate, banking and commercial practice. The firm consists of seven partners and 10 other lawyers, and considers itself to be internationally focused, with most of its transactions conducted in English.

The firm was formed in 1998 by the merger of Georgiades & Georgiades and Nicos Pelides & Co, and advises on a wide range of matters both in Cyprus and in London.

Clients of the firm include banks and financial institutions, public companies quoted on the Cyprus Stock Exchange, telecommunications companies, insurance firms, industrial and commercial companies, and the Cyprus Securities and Exchange Commission. Its equity capital markets work is particularly strong – it has advised on the initial public offerings and Cyprus Stock Exchange listings of more than 24 companies since 1998.

Montanios & Montanios

Montanios & Montanios is recommended by the industry as a leading legal firm in the area of shipping finance. Although a small outfit (the firm has 16 lawyers) it is renowned throughout the industry for doing "very good" and comprehensive work.

The firm has also forged links with various top international firms, such as Linklaters, Norton Rose, Allen & Overy and Clifford Chance, with which it collaborates on finance deals.

Montanios & Montanios maintains an impressive client list that includes Cyprus Popular Bank, Credit Agricole and the European Bank for Reconstruction and Development.

Key contact partner

Adam Montanios

Tassos Papadopoulos & Co

Name partner Tassos Papadopoulos is undoubtedly one of Cyprus's best-known lawyers, not least because, since the end of 2003, he has been the president of Cyprus. His place at head of the firm he founded was taken by leading lawyer Pambos Ioannides, who has been a partner of the firm since 1982.

The firm's main office in Nicosia is comprised of 18 lawyers, and boasts an esteemed and varied client base that includes local and international banking institutions, quasi-government organizations and municipalities. The firm's strong links with the government have meant that it has recently been heavily involved with advising the government on bringing Cyprus's banking legislation and regulations into line with those of the EU.

Leading lawyer

Pambos Ioannides

Key contact partner

Pambos Ioannides

Other notable firms

The market considers **L Papaphilippou & Co** to be a highly reputable banking firm. It works from offices in Nicosia, Limassol, Paphos, Athens and Warsaw. **George L Savvides & Co**, meanwhile, has a close relationship with domestic and international banks. George Savvides is the vice-chair of the Eastern Europe Forum of the International Bar Association (IBA) and secretary of the IBA's Legal Practice and Technology Committee. The firm's corporate client base – which includes such names as First Choice, My Travel, Olympic Holidays, Stelmar Shipping and Argo Tours – reflects its expertise in advising on travel matters.