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VALID TRANSFER OF SHARES UNDER CYPRUS LAW

Under Cyprus law, for a complete transfer of shares:

- (i) a proper instrument of transfer must be delivered to the company (Section 71 of Cap. 113)
- (ii) the Directors of the company must approve the transfer of shares with relevant Directors' Resolutions
- (iii) the name of the transferee must be entered on the register of members of the company
- (iv) the company within 2 months after the date of the transfer of shares complete and have ready for delivery the Share Certificates (Section 78 of Cap. 113) which are *prima facie* evidence of the title of the member to the shares (Section 79 of Cap. 113)
- (v) the Form HE57 must be filed with the Registrar of Companies within 14 days from the registration of the transfer in the company's register of members (Section 113A(1) of Cap. 113).

A transferee under a valid transfer has an absolute right to be registered unless the company has effectively so refused (Section 76 of Cap. 113).

Pending registration, the transferee has only an equitable right to the shares transferred to him. He does not become the legal owner until his name is entered on the register in respect of these shares. Therefore, the statutory required notification (Form HE57) to be filed with the Registrar of Companies does not affect the validity of a transfer of shares, provided that all statutory requirements were met.

In case the company makes default in complying with the provisions in respect with the register of members and the entering thereto of the particulars required, the company and every officer of the company who is in default shall be liable to a default fine (Section 105 (4) of Cap. 113) which is default fine of Cyprus pounds 25 (now Euro 42,72) per day during default (Section 375 (1) of Cap. 113).

In case the name of any person is without sufficient cause entered or omitted from the register of members of the company or default is made or unnecessary delay takes place in entering on the register the fact of any person having ceased to be a member, the person



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aggrieved, or any member of the company, or the company, may apply to the Court for rectification of the register (Section 111(1) of Cap. 113).

CAUTION

Expert professional legal advice in relation to the information contained in this note should be sought. Each case is different and consultation must be made applicable to the specific matter in question each time and in accordance with the laws and regulations in force at that time. The information contained herein is intended only as a general guide and is not to be relied upon as the basis for any decision and outcome of the subject matter.