

# **COUNTRY GUIDE – The Republic of Cyprus**

**(20 December 2013, updated in April 2014)**

**Important notes:** *This guide does not override the Rules and is not a substitute for legal, regulatory, tax, financial or any other advice from qualified professional advisers. If there is any conflict or inconsistency between this guide and the Rules, the Rules prevail. You may consult the Listing Division on a confidential basis for an interpretation of the Rules, or this guide.*

*The information contained in this guide on foreign laws, regulations and market practices is based on that provided to us by potential listing applicants, listing applicants, listed issuers, their respective advisers or officials from the relevant jurisdiction. We have not separately verified this information nor have we updated this information since its receipt. We will revise this guide to reflect changes in this information only when notified of these changes.*

***A new applicant for listing that is incorporated in the Republic of Cyprus (“Cyprus”) must confirm to the Exchange, with its initial application for listing, that the Cyprus laws, regulations and market practices contained in this guide are still applicable, or provide us with details of any changes, and inform us of any other Cyprus laws, regulations and market practices that are relevant to its circumstances.***

## **Purpose of this Guide**

This guide is one of a series that gives guidance on our treatment of listing applications from overseas issuers incorporated in a particular jurisdiction. The aim of this guide is to enhance applicants' understanding of our expectations, practices, procedures and the criteria we consider when applying the Rules for overseas issuers.

**This guide should be read in conjunction with the Joint Policy Statement Regarding Listing of Overseas Companies (27 September 2013)<sup>1</sup>. All issuers incorporated in Cyprus can apply for one or more “common waivers” and those with, or seeking, a secondary listing<sup>2</sup> do not need to apply for waivers of certain Rules which are automatically waived for them<sup>3</sup>.**

### **Summary of our Approach**

Subject to Cyprus incorporated companies meeting the conditions set out in this guide, we do not consider Cyprus's shareholder protection standards to be materially different to our own.

Cyprus meets our international regulatory co-operation requirements because it already has adequate measures in place with Hong Kong's Securities and Futures Commission.

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<sup>1</sup> Available on the HKEx website at:  
[http://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/listoc/Documents/new\\_jps\\_0927.pdf](http://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/listoc/Documents/new_jps_0927.pdf)

<sup>2</sup> JPS, Section 5.

<sup>3</sup> JPS, paragraph 88.

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## **1. Background**

- 1.1 Cyprus's equivalent to the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) is the Cyprus Companies Law, which sets requirements for Cyprus incorporated companies (*Updated in April 2014*).
- 1.2 A Cyprus incorporated company has yet to be listed on the Exchange.

## **2. Application of this Country Guide**

- 2.1 This Country Guide applies to primary and secondary Main Board listing applicants and primary GEM listing applicants incorporated in Cyprus. We do not accept applications for secondary listing on GEM.

## **3. International Regulatory Co-operation Measures**

- 3.1 Our Joint Policy Statement Regarding the Listing of Overseas Companies (27 September 2013) ("JPS") states that the statutory securities regulator of an overseas issuer's jurisdiction of incorporation must have adequate arrangements with the Securities and Futures Commission for regulatory co-operation<sup>4</sup>. This requirement is met for issuers incorporated in Cyprus as the Cyprus Securities and Exchange Commission is a full signatory of the IOSCO MMOU<sup>5</sup>.
- 3.2 If a listing applicant is incorporated in Cyprus but its place of central management and control<sup>6</sup> is elsewhere, similar international co-operation arrangements must generally also be in place with that jurisdiction.

## **4. JPS Shareholder Protection Standards**

- 4.1 Subject to Cyprus incorporated issuers demonstrating<sup>7</sup> how their practices, as set out below, conform to the JPS requirements, we do not consider Cyprus's shareholder protection standards to be materially different to our own<sup>8</sup>. We have set out below details of the differences between these practices and the JPS requirements, save for 'Right to speak and vote at general meetings', since this is a new JPS requirement and we have not yet received any submissions

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<sup>4</sup> JPS, paragraphs 42 to 44.

<sup>5</sup> International Organisation of Securities Commission's Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information.

<sup>6</sup> JPS, paragraph 45.

<sup>7</sup> We list the key shareholder protection standards with which applicants must demonstrate equivalence in Section 1 of the JPS.

<sup>8</sup> Notes to Main Board Rules 19.05(1) and 19.30(1) and JPS, paragraphs 27 and 28.

describing the differences. Where we have in the past accepted a practice, we have stated this below.

### ***Proceedings at general meetings***

- 4.2 Notice of general meetings: Under the JPS, an overseas company must give its members reasonable written notice of general meetings<sup>9</sup>. Cyprus law requires a notice period of at least 14 days for any general meeting and at least 21 days for any annual general meeting or extraordinary general meeting for the passing of a special resolution (i.e. a resolution requiring to be passed by no less than a three-fourths majority vote of members).

In determining the “reasonableness” of the notice period for general meetings, the Exchange will take into consideration (i) the provisions under the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) as from time to time in force as applicable to Hong Kong incorporated companies, (ii) the shareholding structure of the company, and (iii) company and transaction specific facts and circumstances (*Updated in April 2014*).

The Exchange has previously accepted the notice requirement for convening general meetings under Cyprus law.

- 4.3 Right to speak and vote at general meetings: The JPS requires that all members must have the right to speak and vote at a general meeting, except in cases where members having a material interest in a transaction or arrangement are required, by the Rules, to abstain from voting to approve the transaction or arrangement<sup>10</sup>. Cyprus incorporated applicants must address whether they are able to comply with this requirement, which may necessitate an amendment to their constitutional documents.

## **5. Practical and Operational Matters**

- 5.1 Reference is made to Section 4 of the JPS which contains guidance on an overseas issuer’s ability to comply with Hong Kong’s rules and regulations; the eligibility of securities; cross-border clearing and settlement; Hong Kong depositary receipts; taxation; and stock name identification. Applicants are encouraged to notify the Listing Division if they envisage difficulties in complying with such matters, where applicable.

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<sup>9</sup> JPS, paragraph 37.

<sup>10</sup> JPS, paragraph 38.

## **6. Constitutional Documents**

- 6.1 Applicants should contact the Listing Division if Cyprus law or the applicants' constitutional documents cannot meet the standards under Appendix 3 to the Main Board Rules/ Appendix 6 to GEM Rules.

## **7. Accounting and Auditing Related Requirements**

- 7.1 We normally require the accountants' reports and financial statements of overseas issuers seeking a primary or secondary listing to conform to the Hong Kong Financial Reporting Standards or the International Financial Reporting Standards<sup>11</sup>.

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<sup>11</sup> Main Board Rules 4.11 to 4.13, 19.13, 19.39 and Notes 2.1 and 2.4 to paragraph 2 of Appendix 16. See also JPS, paragraphs 56 to 62.