

LAW TO MAKE PROVISION FOR PUBLIC TAKEOVER BIDS FOR THE
ACQUISITION OF SECURITIES OF COMPANIES AND RELATED MATTERS

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**This unofficial English text is for information purposes only and is not legally binding.
The official, legally binding text is in the Greek language.**

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30.4.2004,
p. 12.

For the purpose of harmonisation with the act of the European Community titled "Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids",

The House of Representatives has adopted this Act:

PART I

INTRODUCTORY PROVISIONS AND GENERAL PRINCIPLES

Summary Title. 1. The present law shall be cited as the Takeover Bids law of 2007.

Interpretation. 2. In the present Law, unless the context shall prescribe otherwise-

«irrevocable commitment or letter of intent» shall mean a written or oral commitment to accept the takeover bid or vote in favour of a resolution in the context of a takeover bid;

«competing takeover bid» shall mean a more favourable for the recipients takeover bid on securities who are already the subject of another, previously expressed takeover bid;

«recipient» shall mean the holder of securities subject to a takeover bid and towards which the takeover bid is addressed;

«acquisition» shall mean the acquisition of securities in any way and includes an agreement to acquire securities, but does not include an agreement to acquire securities on condition of making a takeover bid in accordance with the present Law: the term «acquire» and «acquire» have a relative meaning;

«Republic» shall mean the Republic of Cyprus;

«takeover bid» or «bid» shall mean a public offer, other than by the offeree company itself, made to the holders of the securities of a company to acquire all or some of those securities, whether mandatory or voluntary, which follows or has as its objective the acquisition of thirty percent (30%) or more of voting rights of the offeree company;

«controlled undertaking» shall mean an undertaking where a person-

- (a) has the majority of voting rights of shareholders or members or
- (b) has the right to appoint or remove a majority of the members of the administrative, management or supervisory body and is at the same time a shareholder in, or member of, the undertaking in question or
- (c) is a shareholder or member and alone controls a majority of the shareholders' or members' voting rights pursuant to an agreement entered into with other shareholders or members of the undertaking.

For the purposes of the present interpretation, a parent undertaking's rights as regards voting, appointment and removal shall include the rights of any other controlled undertaking and those of any nominee person or entity of the parent undertaking or of any other controlled undertaking.

«concerted practice» shall mean any positive action which, even though lacking in agreement, never the less aims to coordinate the activities of two persons;

«Cyprus Securities and Exchange Commission» shall mean the public law legal entity established and operating pursuant to the Cyprus Securities and Exchange Commission (Establishment and Responsibilities) Law, thereafter called «the Commission»;

64(I) of 2001
157(I) of 2002
71(I) of 2004
187(I) of 2004.

«investment firm» or «I.F.» has the meaning provided for under section 2 of the Investment Firms (IF) Law;

148(I) of 2002
214(I) of 2002
6(I) of 2003
86(I) of 2003
194(I) of 2003
195(I) of 2003
145(I) of 2004
238(I) of 2004
98(I) of 2005.

«supervisory authority abroad» shall mean a competent supervisory authority in duty bound with the exercise of responsibilities similar to those of the Commission, in a state other than the Republic and includes a competent supervisory authority of another member state;

«company» shall mean a limited liability company with shares, registered and operating according to the provisions of the Companies Law or a company registered abroad according to the law applicable at the country of registration;

Cap. 113.
9 of 1968
76 of 1977
17 of 1979
105 of 1985
198 of 1986
19 of 1990
41(I) of 1994
15(I) of 1995
21(I) of 1997
82(I) of 1999
149(I) of 1999
2(I) of 2000
135(I) of 2000
151(I) of 2000

76(I) of 2001
70(I) of 2003
167(I) of 2003
92(I) of 2004
24(I) of 2005
129(I) of 2005
130(I) of 2005
98(I) of 2006
124(I) of 2006.

«subsidiary company» has the meaning provided for under section 148 of the Companies Law;

«Central Depository and Central Registry of Securities» shall mean the
27(I) of 1996 central registry and depository established under the Securities and
62(I) of 2001 Cyprus Stock Exchange (Central Depository and Central Registry of
121(I) of 2001 Securities) Law, or any other central registry or depository, with the
136(I) of 2002 responsibility of maintaining the register of securities, or in which the
43(I) of 2003 securities subject to a takeover bid are placed;
8(I) of 2005
92(I) of 2006.

«member state» shall mean a member state of the European Union or another state which is party to the European Economic Area Agreement, signed in Oporto on the 2nd May 1992, and was adapted by the Protocol signed in Brussels on the 17th May 1993, as the Agreement is from time to time amended;

«parties to the bid» shall mean the offeror, the members of the offerors' board if the offeror is a company, the offeree company, holders of securities of the offeree company and the members of the board of the offeree company, and persons acting in concert with such parties;

«partial takeover bid» shall mean a takeover bid for a limited amount of securities of the offeree company and not their total;

«parent company» has the meaning provided for under section 148 of the Companies Law;

«directive» shall mean the regulatory directive of the Cyprus Securities and Exchange Commission published in the official Gazette of the Republic;

«Directive 2004/25/EC» shall mean the action of the European Community titled “Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids”, amended, corrected or replaced from time to time;

OJ. L 142,
of 30.4.2004,
p. 12.

«total takeover bid» shall mean a takeover bid for the total of the offeree company securities;

«regulated market» has the meaning provided for under section 2 of the Investment Firms (IF) Law;

«period of the takeover bid» shall mean the period starting with the announcement of a takeover bid, whether it is an announcement of an intention or an announcement of a firm decision, whichever comes first, and ends with the expiry of the time allowed for acceptance;

«credit institution» shall mean-

66(I) of 1997 (a) a bank according to the Regulation of Banking Activities Law;
74(I) of 1999
94(I) of 2000
119(I) of 2003
4(I) of 2004
151(I) of 2004
231(I) of 2004
235(I) of 2004
20(I) of 2005.

22 of 1985 (b) a cooperative credit institution according to the Cooperative
68 of 1987

190 of 1989
8 of 1992
22(I) of 1992
140(I) of 1999
140(I) of 2000
171(I) of 2000
8(I) of 2001
123(I) of 2003
124(I) of 2003
144(I) of 2003
5(I) of 2004
170(I) of 2004
230(I) of 2004
23(I) of 2005
49(I) of 2005
76(I) of 2005
29(I) of 2007
..... of 2007.

Companies Law;

- (c) a credit institution operating according to equivalent laws abroad;

«offeror» shall mean any public or private law person making a bid;

«person» includes a natural or legal person;

«persons acting in concert» shall mean persons cooperating with the offeror or the offeree company on the basis of an agreement, either express or tacit, either oral or written, aimed either at acquiring control of the offeree company or at frustrating the successful outcome of a bid and includes, as rebuttable evidence, the following categories of persons:

- (i) the wife/husband and blood relatives of first degree of the offeror;
- (ii) companies, in which the offeror holds either himself or together with persons acting in concert with it, twenty per cent of the voting rights;

- (iii) members of the board of a company of the offeror and undertakings controlled by them;
- (iv) provident funds of a company of the offeror; and
- (v) partners of the offeror.

Controlled undertakings shall be deemed to be persons acting in concert with that other person controlling them and with each other.

116(I) of 2005. «close association» has the meaning provided for under the Insider Dealing and Market Manipulation (Market Abuse) Law;

«director» shall mean a person who holds the position of director in a company or has the power to exercise basically the same responsibilities as those exercised by a director in a company, and includes a person under whose instructions a director or directors usually act;

«transaction» includes a sale or acquisition or a sale or acquisition agreement for securities and the allotment, acceptance, acquisition, disposition, exercise of preference rights or any other right or obligation, present or future, with conditions or without, for the acquisition or διάθεση of securities or any other interest in securities;

«securities» shall mean transferable securities carrying voting rights in a company;

«multiple-vote securities» shall mean securities included in a distinct and separate class and carrying more than one vote each;

«offeree company» shall mean a company, the securities of which are the subject of a bid;

«Operating Account Operator» shall mean a credit institution or an I.F. recognized as participating in a system of clearing and completion of transactions for securities and who maintains a Central Depository and Central Registry of Securities;

Scope of application of the present Law

3.-(1) Subject to subsection (2), the present Law shall apply-

- (a) to every takeover bid for the securities of a company registered in the Republic and the total or a part of those securities are admitted to trading on a regulated market in the Republic, and
- (b) to every takeover bid for the securities of a company not registered in the Republic, if any of the requirements of subsection (3) of section 4 apply.

(2) The present Law shall not apply-

- (a) to takeover bids for securities issued by companies, the object of which is the collective investment of capital provided by the public, which operate on the principle of risk-spreading and the units of which are, at the holders' request, repurchased or redeemed, directly or indirectly, out of the assets of those companies;

For the purposes of the present paragraph, actions taken by such companies to ensure that the stock exchange value of their units does not vary significantly from their net asset value shall be regarded as equivalent to such repurchase or redemption; and

- (b) to takeover bids for securities issued by the Central Bank of Cyprus.

Supervisory
authority.

4.-(1) The Commission is the competent authority to ensure the supervision and application of the provisions of the present Law and the directives issued thereof.

(2) The Commission is competent for the supervision of a takeover bid, in case the offeree company's registered office is in the Republic and its securities are admitted to trading on a regulated market in the Republic.

(3) In case the takeover bid refers to a company the securities of which are not admitted to trading on a regulated market in the member state where the company has its registered office, the Commission is competent for the supervision of the takeover bid, if any of the following requirements apply:

- (a) the securities of the offeree company are admitted to trading on a regulated market only in the Republic;
- (b) the securities of the offeree company have been admitted to trading first in a regulated market in the Republic and subsequently on a regulated market of another member state, other than the one where the offeree company has its registered office;
- (c) the securities of the offeree company have been simultaneously admitted to trading on a regulated market in the Republic and on a regulated market in another member state, other than the one where the offeree company has its registered office, and the latter has determined the Commission as the competent authority for the supervision of the takeover bid, has notified the Commission on the first day of trading and has published the fact immediately, pursuant to section 7.

- (4) In the cases referred to in subsection (3) the following apply:
- (a) in matters relating to the consideration offered in the case of a bid, in particular the price, and matters relating to the bid procedure, in particular the notification of the offeror's decision to make a bid, the contents of the offer document and the disclosure of the bid, the provisions of the present Law; and
 - (b) In matters relating to the information to be provided to the employees of the offeree company and in matters relating to company law, in particular the percentage of voting rights which confers control and any derogation from the obligation to launch a bid, as well as the conditions under which the board of the offeree company may undertake any action which might result in the frustration of the bid, the applicable rules and the competent authority shall be those of the member state in which the offeree company has its registered office.

General principles of takeover bids 5. Every takeover bid is governed by the following general principles:

- (a) all holders of securities of an offeree company of the same class must be afforded equal treatment; moreover, if a person acquires control of a company, the other holders of securities must be protected;
- (b) the holders of securities of an offeree company must have sufficient time and information to enable them to reach a properly informed decision on the bid;
- (c) where it advises the holders of securities, the board of the offeree company must give its views on the effects of

implementation of the bid on employment, conditions of employment and the locations of the company's places of business;

- (d) the board of an offeree company must act in the interests of the company as a whole and must not deny the holders of securities the opportunity to decide on the merits of the bid and does not act in a way to frustrate the successful outcome of a bid;
- (e) false markets must not be created in the securities of the offeree company, of the offeror company or of any other company concerned by the bid in such a way that the rise or fall of the prices of the securities becomes artificial and the normal functioning of the markets is distorted;
- (f) before announcing the bid, the offeror -
 - (i) ensures that he/she can fulfil in full any cash consideration, if such is offered, and
 - (ii) secures the approval of the general meeting of the shareholders for the issuing or allotment of securities, if such is offered;
- (g) an offeree company must not be hindered in the conduct of its affairs for longer than is reasonable by a bid for its securities;
- (h) regarding offeree companies with different classes of shares and/or have issued transferable securities that can be converted into shares, the offeror must make -
 - (i) separate bids, one for every class of shares, which must be comparably identical, and
 - (ii) separate bids, one for every class of transferable

securities that can be converted into shares, which must be comparably identical with the bid or bids expressed for the securities.

PART II ANNOUNCEMENTS, SUBMISSION AND LIMITATIONS

Procedure for the announcement of a decision or intention to make a takeover bid.

6.-(1) Prior to the decision to make a takeover bid, the offeror must comply with paragraph (f) of section 5, must make sure that his decision to make a takeover bid is final and announce his decision only when he has every reason to believe that it can be implemented.

(2) The offeror announces immediately the making of a bid-

(a) when he has a firm intention to make a bid; or

(b) upon an acquisition of securities which give rise to an obligation to make a bid under section 13.

(3) Following the announcement of the bid, the boards of the offeree company and of the offeror shall inform the representatives of their respective employees or, where there are no such representatives, the employees themselves.

(4) The offeror announces immediately his intention to make a bid, before the announcement of a firm decision-

(a) when before an approach is made to the offeree company or its shareholders, to discuss the potential of a bid, the matter leaks out; or

(b) when negotiations or discussions are about to be extended to include more than a very restricted number of people and there is a chance the matter to leak out.

(5) Prior to the announcement of an intention to make a bid, the offeror consults with the Commission regarding the time limit which the Commission will impose on the offeror to clarify his intentions.

(6) In the case of subsection (5), the Commission sets a time limit, at the expiration of which, the offeror either-

- (a) announces a firm intention to make a bid, which may be subject to any preconditions not met during the period following his announcement of an intention until the announcement of a firm intention, or
- (b) where subsection (1) of section 8 applies, announces that it does not intend to make a bid and explains its decision.

(7) On deciding the time limit set to the offeror to clarify his intentions, the Commission takes into consideration the preconditions the intention is subject to, in any case the time limit set must not be greater than sixty days.

(8) In case the offeror, who announces an intention to make a bid, is notified of the approval or rejection of a precondition before the expiration of the time limit set by the Commission, he announces immediately on notification of the fact and within the next working day at the latest, his firm intention to make or not make a bid, depending on the case.

(9) Following the announcement of an intention to make a bid, depending on the case, within three working days from the announcement, the offeror must -

- (a) call a general meeting of its shareholders to approve the issuing of new securities offered as consideration,

- (b) submit any necessary application to obtain the relevant administrative permits or approvals from other authorities,
- (c) commence the relevant legal or economic audit, and
- (d) make generally every possible effort to make sure all the necessary measures have been made for the commencement of any necessary procedure for the satisfaction of relevant preconditions.

(10) The Commission by directive prescribes, specializes or clarifies the content of announcements of a firm intention and the intention to make a bid.

(11) Where in the present Law there is mention of an obligation to announce the making of a bid, for the purpose of calculating any time limit, time starts from the first announcement, whether that was of intention or firm intention.

Method of
announcement of
information.

7.-(1) For the purposes of the present Law, where there is mention of the obligation to announce, this is done by the person making the announcement with simultaneous announcement to the following:

- (a) to the regulated market in the Republic where the securities are listed, and the regulated market lists it on its internet site;
- (b) to the Commission;
- (c) to the internet site of the person making the announcement, provided it maintains one;

- (d) if the announcement is made by the offeror, to the representatives of its employees, or where there are no such representatives, the employees themselves, and the board of the offeree company;
- (e) if the announcement is made by the offeree company, to the representatives of its employees, or where there are no such representatives, the employees themselves, and the board of the offeror.

(2) In case information is destined to be published in any media of mass communication, the person making the announcement, notifies them in advance to the regulated market in the Republic where the securities are listed and to the Commission, so that the official announcement is made as soon as possible and precedes their publication.

(3) The present Law does not affect the provisions for the disclosure of information, the consultation of representatives and the co decision with the employees of the offeror and the offeree company contained in-

68(I) of 2002
143(I) of 2003.

(a) the Establishment of a European Works Council Law;

277(I) of 2004.

(b) the Statute for a European Company with regard to the Involvement of Employees Law;

28(I) of 2001.

(c) the Collective Redundancies Law; and

78(I) of 2005.

(d) the Establishment of a General Framework for Informing and Consulting Employees Law.

Revocation or withdrawal of an announcement of a takeover bid.

8.-(1) An announcement for the intention to make a bid which is made public, under section 6, binds the offeror and is not allowed to revoke or withdraw it unless-

(a) where -

- (i) the consideration offered to recipients of the bid includes the exchange of new securities of the offeror, and
- (ii) for the issue or allotment of these securities the approval of the general meeting of the shareholders of the offeror is necessary, and
- (iii) the general meeting of the shareholders of the offeror refuses to approve the issue or allotment of these new securities;

(b) in case the offeror does not obtain the necessary administrative permit or approval to acquire the securities subject to the bid and in particular any necessary approval according to competition law;

(c) in case any other precondition, expressly mentioned in the announcement of intention to make a bid is not met;

(d) in case the offeror decides that a precondition, the satisfaction of which is subject to his discretion, is not met;
or

(e) in any other case, except the case of economic inability of the offeror, as a result of which the bid cannot be materialized, for reasons other than the will of the parties to the bid, provided this case is decided by the Commission.

(2) An announcement of a firm intention to make a bid made public, according to section 6, binds the offeror and he is not allowed to revoke or withdraw it, save in extraordinary cases and with the relevant approval of the Commission.

Limitations
following the
announcement of
a takeover bid.

9. Except in the case of approval by the Commission, at its absolute discretion and in extraordinary cases, when the offeror announces that he will not make a bid, either following the announcement of his intention or following the announcement of his firm intention, neither the offeror nor the persons acting in concert with it, may within six months from the date of the announcement act in the following way:

- (a) announce a bid or possible bid for the offeree company including a partial bid which would result in the offeror and persons acting in concert with it being interested in shares carrying 30% or more of the voting rights of the offeree company;
- (b) acquire any interest in shares of the offeree company if they would thereby become obliged under section 13 to make a bid;
- (c) acquire any interest in, or procure an irrevocable commitment or letter of intend in respect of shares of the offeree company, if the shares in which they would be interested and the shares in respect of which they had acquired irrevocable commitments or letters of intend, would in aggregate carry 30% or more of the voting rights of the offeree company;
- (d) make any statement which raises or confirms the possibility that a bid might be made for the offeree company;

- (e) take any steps in connection with a possible bid for the offeree company where knowledge of the possible bid might be extended outside the close circle of persons who need to know of the potential bid.

PART III

VOLUNTARY, PARTIAL AND MANDATORY TAKEOVER BID KAI EXCEPTIONS FROM THE OBLIGATION TO SUBMIT A TAKEOVER BID

General principle for the percentage of acceptance of a total takeover bid.

10.-(1) Every takeover bid for the acquisition of the total of the offeree company securities is considered successful, if the acceptances, added to the percentage already held by the offeror or the persons prescribed in section 13, would in aggregate carry fifty per cent (50%) or more of the voting rights of the offeree company.

(2) In case the takeover bid as prescribed in subsection (1) is not successful -

- (a) the offeror is not entitled to accept any smaller percentage of acceptances; and
- (b) any securities acquired by the offeror, following the acquisition of securities which gave rise to the obligation to make a bid according to section 13, cease to confer to the offeror any voting rights.

Voluntary total takeover bid.

11. In case of a proposed acquisition of securities admitted to trading on a regulated market in the Republic not carrying any voting rights in a company, the submission of a total voluntary bid is permitted and in such a case the provisions of the present Law apply mutatis mutandis:

It is provided that the provisions of the present section do not apply to mandatory takeover bids.

Partial takeover bid. 12.-(1) The submission of a partial takeover bid is forbidden, without prior approval by the Commission.

(2) A person making a partial takeover bid for the acquisition of securities is obliged to set a maximum and minimum number of securities he is bound to accept, in order for the partial takeover bid to be deemed successful.

(3) The Commission does not allow the submission of a partial takeover bid in cases where:

(a) the offeror or persons acting in concert with it have acquired, in significant numbers, interests in shares in the offeree company during the twelve months preceding the application for consent or interests in shares have been acquired at any time after the application for consent or

(b) the offeror aims to acquire from thirty (30%) per cent up to fifty (50%) per cent of the voting rights of a company.

(4) The Commission determines what constitutes a paragraph (a) subsection (3) significant acquisition, by valuating in each case whether the said acquisitions are significant or not, so as to decide whether to allow the making of the takeover bid.

(5) Every person is entitled, without the obligation to make a bid, to acquire securities which added to the ones already held by that person and the persons acting in concert with him, give in aggregate less than thirty per cent (30%) of the voting rights of a company; in such a case, this person is entitled, if so wishes, to make a bid for the acquisition of the said securities.

Mandatory 13.-(1) Subject to the provisions of subsection (12), where a person, as

takeover bid.

a result of his/her own acquisition or the acquisition by persons acting in concert with him/her, holds securities of a company which, added to any existing holdings of those securities of his/hers and the holdings of those securities of persons acting in concert with him/her, directly or indirectly give him/her a percentage of thirty per cent (30%) or more of existing voting rights in that company at the date of the acquisition, such a person is required to make a bid at the earliest opportunity to all the holders of those securities for all their holdings at an equitable price as defined in subsection (1) of section 18.

(2) No acquisition of securities which would give rise to a requirement to make a bid under subsection (1) may be made, if the making of such a bid would or might be dependent on the passing of a resolution at any meeting of shareholders of the offeror or upon any other condition, except the requirement of subsection (1) section 10; in case of violation of the present subsection, paragraph (b) of subsection (2) of section 10 applies.

(3) (a) The obligation to make a bid under subsection (1), will be valid when, following the acquisition, the offeror holds at least thirty per cent (30%) of the voting rights of a company.

(b) The following cases constitute a non exhaustive list of cases where the obligation to make a bid according to paragraph (a) applies:

- (i) where the offeror holds no securities or holds securities representing less than thirty per cent (30%) of the voting rights of a company, with the acquisition he/she reaches or supersedes thirty per cent (30%) of the voting rights of a company, or

- (ii) where the offeror already holds a percentage equal or greater than thirty per cent (30%) and below fifty per cent (50%) of the voting rights of a company and intends to increase his/her percentage of holding.

(4) To calculate the percentages referred to in subsection (3), the following are counted together with the voting rights held by the offeror:

- (a) voting rights held by other persons on behalf of the offeror;
- (b) voting rights held by a controlled undertaking of the offeror;
- (c) voting rights held by any person acting in concert with the offeror;
- (d) voting rights attached to securities held by the offeror, where they have been pledged.

(5) To calculate the percentages referred to in subsection (3), the following voting rights are counted together with the voting rights held by the offeror or other persons referred to in subsection (4):

- (a) securities of the offeror or the said persons, with such rights as basically the right to exercise voting rights of the said securities;
- (b) securities the offeror or the said persons have a right to acquire, on their own initiative, following an agreement;
- (c) securities deposited with the offeror or the said persons, if in the absence of specific directions by their holders, they have a right to exercise at their absolute discretion the voting rights attached to these securities.

(6) Voting rights suspended by law, are not counted in the subsection (3) percentages.

(7) In case the acquisition of shares in a holding company results in the offeror controlling the voting rights of a public listed subsidiary company as provided in subsection (3), the offeror makes a mandatory bid to the subsidiary company only if the main purpose for acquiring shares in the holding company was the control of the subsidiary company or if the shares of the subsidiary company constitute an important asset of the holding company.

(8) The issue and allotment of shares to a person not in proportion to the shares he/she already holds in the company, resulting in the holding of a percentage equal or greater than thirty per cent (30%) of the voting rights of a company, is considered to be an acquisition which gives rise to a mandatory bid, unless the Commission grants an exception pursuant to paragraph (e), subsection (1) of section 15.

(9) The exercise of pre-emption rights and convertible securities, irrespective of the said rights been offered to other shareholders in proportion and whether the other shareholders have exercised these rights or not, and which results in the holding of a percentage equal or greater than thirty per cent (30%) of the voting rights of a company, is considered to be an acquisition which gives rise to a mandatory bid, unless the Commission grants an exception pursuant to paragraph (f), subsection (1) of section 15.

(10) The increase of the percentage held by a shareholder in the share capital of a company as a result of a buy-back programme, which results in the holding of a percentage equal or greater than thirty per cent (30%) of the voting rights of a company, is considered to be an acquisition which gives rise to a mandatory bid, unless the Commission grants an exception pursuant to paragraph (l), subsection (1) of section 15.

(11) When securities are acquired in the percentage referred to in subsection (1) of section 13, equal to the percentage of persons acting in concert, the obligation to make a bid rests with the last person to make an acquisition, on the actions of which these persons have superseded the percentages of acquisition referred to in subsection (1) of section 13, unless these persons unanimously decide otherwise.

(12) There is no obligation to make a mandatory bid when a percentage equal or greater than thirty per cent (30%) of the voting rights of a company was acquired by voluntary bid aimed at all the holders of securities for all their holdings according to the provisions of the present Law.

Possession of more than 50% of voting rights.

14. In case the acquirer already holds more than fifty per cent (50%) of the voting rights of a company, the further acquisition of securities does not create an obligation to make a mandatory bid, provided the Commission grants an exception pursuant to paragraph (m) subsection (1) of section 15.

Exceptions from the obligation to submit a takeover bid.

15.-(1) The Commission may, at its absolute discretion grant an exception from the mandatory bid obligation of section 13 or 14, following a relevant application by the acquirer, in cases inter alia where:

- (a) the acquisition was a gift;
- (b) the acquisition was by cause of death;
- (c) the acquisition was by cause of sale of guarantees;
- (d) the acquisition was by cause of trust on behalf of clients;
- (e) the acquisition was the result of the issue of new shares and-

- (i) the shareholders have waived their pre-emption rights,
 - (ii) the issue and allotment has been approved by the general meeting of the shareholders with a majority independent from the parties to the transaction, and
 - (iii) prior to the general meeting of the shareholders, all the shareholders have been notified with a memorandum about the details of the suggestions they are called to adopt, in which it contains an independent advice regarding the suggestions, the new share structure of the company and the suggested issue price are explained;
- (f) the acquisition of new securities was as a result of the exercise of warrants, options and convertible securities offered in proportion to other shareholders, whether the other shareholders have exercised their rights or not;
- (g) the acquisition was as a result of a merger;
- (h) the acquisition was as a result of a division of the company;
- (i) the percentage acquired is less than one per cent (1%) of the voting rights of the company;
- (j) the percentage acquired does not overcome three per cent (3%) of the voting rights of a company and the acquirer undertakes in writing the obligation to transfer the extra percentage within a year;
- (k) the company the securities belong to is already a controlled undertaking of the acquirer;

- (l) the acquisition was as a result of share buy-back and the shareholder is proven not to have intended or had knowledge to overcome the percentages giving rise to the obligation to make a bid; the said intention or knowledge is valued by the Commission at the examination of the application for exception;
- (m) the acquirer already holds more than fifty per cent (50%) of the voting rights of the company and with the added acquisition the rights of minority shareholders are not affected;
- (n) the acquisition was by mistake and the acquirer undertakes in writing the obligation to transfer the securities to independent buyers, within a short period set by the Commission.

(2) For the examination of an application for exception from the obligation to make a bid, the applicant pays to the Commission charges, the amount of which is set out in a Commission directive.

(3) The application for exception is submitted to the Commission in writing and includes at least the following:

- (a) a full set of information of the person submitting the application;
- (b) the number of securities held or intending to acquire or acquired, depending on the case;
- (c) the reason for applying for an exception;

- (d) confirmation that he intends to transfer any extra voting rights acquired, depending on the case and, where applicable, not to exercise the said rights.

(4) The Commission notifies its decision on the application within ten days from the submission of the application. The Commission may grant an exception from the obligation to make a bid on conditions deemed necessary, including-

- (a) the obligation of the acquirer to dispose a percentage of the shares acquired within a regular period of time set in the Commission's decision;
- (b) the suspension of voting rights for any shares mentioned in the Commission's decision.

PART IV

CONSIDERATION, SUBMISSION AND CONTENTS OF THE TAKEOVER BID DOCUMENTS AND TIME ALLOWED FOR ACCEPTANCE

Proposed
consideration.

16. By way of consideration for the bid, the offeror may offer securities, cash or a combination of both, save in the following cases where he is obliged to offer a cash alternative:

- (a) where the consideration offered by the offeror does not consist of liquid securities admitted to trading on a regulated market; the Commission may by directive set the criteria taken into consideration when deciding whether the securities offered by way of consideration are liquid;

- (b) where the offeror or persons acting in concert with him/her, over a period of twelve months beginning prior to the announcement of his/her intention to make a bid and expiring when the offer closes for acceptance, have purchased for cash securities carrying 5 % or more of the voting rights in the offeree company;
- (c) in the cases of sections 36 and 37;
- (d) in case of a section 13 mandatory bid.

Cash
consideration.

17.-(1) In every bid with cash consideration, the offeror supports his offer with the submission of a confirmation by one or more credit institutions or other organizations with the necessary, according to the Commission, solvency, where it will be stated that the cash the offeror will be called to pay to the recipients at the expiration of the bid is available and will remain available to the credit institution or to the organization until the day of its payment.

(2) The Commission rejects the takeover bid documents, unless accompanied by the subsection (1) confirmation as well as a relevant confirmation from the board of the offeror stating that the amount the offeror will be called to pay to the recipients at the expiration of the bid has been tied to a credit institution or organisation, and will remain tied until the day of its payment.

Determination of
equitable
consideration.

18.- (1) In every bid, the consideration must be equal at least to the highest price paid or agreed to be paid for the same securities by the offeror or by persons acting in concert with him/her, during the last twelve months prior to the announcement of the bid.

(2) In case of a voluntary bid, the Commission may, at its absolute discretion, allow a lower price than the one provided in subsection (1).

Obligation to submit the offer document.

19.-(1) Within twelve days from the announcement of a firm intention to make a bid, the offeror draws up the offer document according to a Commission directive issued by virtue of section 20 and communicates them to the Commission and the board of the offeree company.

(2) In case the offer document is not submitted within the time limit set in subsection (1), the Commission may impose an administrative fine of up to ten per cent (10%) of the value of the bid or the stock exchange value of the offeree company, calculated on the day of the announcement of the firm intention to make a bid.

(3) The Commission may, within the time limit set in subsection (4), approve the offer documents or indicate to the offeror amendments before final approval or prohibit the publication of the offer document, if it deems that it does not satisfy the requirements of the present Law.

(4)(α) After submitting the offer document, the Commission issues its decision within-

- (i) eight working days, in case there is cash consideration, or
- (ii) twelve working days, in case the consideration includes securities.

(b) In case extra information is requested from the offeror, it is submitted within the next five working days; in such a case, the Commission issues its decision within three working days from the submission of the extra information.

(c) In case the deadlines set by the present section pass without any action being taken, the offer document is deemed to be approved.

(d) The Commission may, at its absolute discretion, extend its

deadline for deciding, without the offer document being considered approved; this deadline may be extended for up to twice the period set by the present subsection.

(5) For the examination of the offer document, the offeror pays to the Commission charges, the amount of which is set out in a Commission directive.

Contents of offer document. 20. The Commission by directive prescribes, specializes or clarifies the content of the offer document.

Signing the offer document and duty of persons signing the document. 21.-(1) The board members of the offeror are liable for the accuracy, completeness and correctness of the offer document, they sign the offer document and make sure that, having taken every duty of care to formulate an opinion, the information contained in the offer document is true and complete, without any omissions that may alter the content of the offer document and mislead the recipients.

(2) The board members of the offeror are liable to recipients for every damage sustained by their responsibility as to the accurateness, completeness and correctness of the offer document.

(3) The provision of false or misleading information on material elements of the offer document or the concealment of a material element from the offer document constitutes, in addition to an administrative violation, a criminal offence punishable according to section 49.

Announcement of the approval and publishing of the document. 22.-(1)(a) As long as the approval of the Commission to publish the offer document is secured, the offeror-

(i) announces, according to section 7, and publishes as soon as possible in at least two daily newspapers of pan

Cyprian circulation, the approval of the offer document and, where applicable, mentions the address at which the holders of securities subject to the bid may receive a free copy:

It is provided that the same obligation exists in case the offer document is rejected by the Commission, in which case the offeror must state the reasons for rejection;

- (ii) communicates as soon as possible the offer document to the offeree company and to the representatives of the offeror's employees or where there are no such representatives, to the employees themselves;
- (iii) within seven days from the announcement of the document approval -
 - (A) sends by post a copy of the offer document to the holders of securities subject to the bid,
 - (B) lists the said document to its internet site, provided it maintains one, and
 - (C) sends the said document to the regulated market where the securities are listed, with the purpose of listing the document on its internet site;

(b) The Commission may, at its absolute discretion, discharge the offeror from the obligation of sub-paragraph (A) of sub-paragraph (III) of paragraph (a), following a relevant application of the offeror -

- (i) when the document is about to be mailed to recipients in third countries and its posting is possible to create further obligations to the offeror with other authorities or create civil or criminal liability to the offeror, or where the document must be amended in order not to create such a liability,

- (ii) when the holder holds less than one per cent (1%) of the voting rights of the offeree company, or
- (iii) in any other reasonable case, according to the Commission,

taking into consideration the cost, the number of shareholders, and the possible delay in the time limits set by virtue of the present Law.

(2) When the offeree company is notified of the approval of the offer document, it informs immediately the representatives of its employees, or where there are no such representatives, the employees themselves and communicates them as soon as possible the offer document.

(3) Following the announcement of the approval of the offer document, the parties to the bid must not issue statements which, while not factually inaccurate, may mislead shareholders and the market or may create uncertainty; an offeror must not make a statement to the effect that it may improve its offer without committing itself to doing so and specifying the improvement.

(4) Following the announcement of the approval of the offer document, the parties to the bid announce any material change in information previously announced or published.

Recognition of approval from a regulatory authority of another member state.

23.-(1) Subject to the provisions of subsection (2), an offer document subject to the prior approval of the supervisory authority of another member state, is recognized by the Commission without it being necessary to obtain the approval of the Commission, provided that the Commission may require the translation of the document in English or in Greek.

(2) In case an offer document which has gained the approval of a supervisory authority of another member state is submitted, the Commission may require the inclusion of additional information in the offer document only if such information is specific to the regulated

market in the Republic on which the offeree company's securities are admitted to trading and relate to formalities to be complied with to accept the bid and to receive the consideration due at the close of the bid as well as to the tax arrangements to which the consideration offered to the holders of the securities will be subject.

Time limit for acceptance of the takeover bid.

24.-(1) The time limit for the acceptance of a bid is set by the offeror in the offer document and may not be less than thirty days and more than fifty five days from the date the offer document was posted to the recipients or was listed on the internet site of the offeror, depending on the case, according to section 22.

(2) The time limit for acceptance is not allowed to be amended, unless-

- (a) in case of a revision of the bid according to section 28 or a competing bid according to section 30;
- (b) following an application by the offeree company according to subsection (3); or
- (c) following an application by the offeror according to subsection (4).

(3) The Commission may grant an extension to the time limit set in subsection (1), in order to allow the offeree company to call a general meeting of shareholders to consider the bid; in case the offeree company receives such an extension by the Commission, it informs the offeror immediately, and the offeror makes an announcement according to subsection (5).

(4) The Commission, provided that the provisions of paragraph (g) of section 5 are respected, may grant an extension of the time limit set in subsection (1), on condition that the offeror gives at last two weeks notice before the expiration of the original period for acceptance mentioned in the offer document; the Commission may not grant an

extension, when the reason invoked by the offeror is the non completion of the percentage of acceptances to consider his bid successful.

(5) The extension may not result in the total time allowed for acceptance to supersede seventy five days except in the cases:

(a) of subsection (4) of section 30, or

(b) where the Commission, at its absolute discretion, decides that an extension is reasonable for a period of more than seventy days.

(6) In case an extension to the time allowed for acceptance is granted, the offeror -

(a) announces the fact according to section 7,

(b) publishes the information to two newspapers of pan Cyprian circulation, and

(c) where this is possible, sends immediately by post a relevant written notification to the holders of securities subject to the bid; in the said notification, the offeror states the next date set as the time allowed for acceptance.

PART V PROHIBITIONS

Prohibition from trading and other actions. 25. The following applies when trading or taking other actions:

(a) the prohibitions of the Insider Dealing and Market Manipulation

(Market Abuse) Law apply mutatis mutandis to possessors of inside information concerning a takeover bid or possible takeover bid;

- (b) it is prohibited for the offeror and the persons acting in concert with him/her to sell securities held in the offeree company during the period for acceptance;
- (c) it is prohibited during the period of a partial bid, for the offeror, other persons acting in their own name on behalf of the offeror, as well as controlled undertakings and persons acting in concert with him/her, to acquire securities subject to the bid;
- (d) when a bid is contemplated, including the period prior to the announcement according to section 6, until the expiration of the period for acceptance, the offeror and persons acting in concert with it may not -
 - (i) make any arrangements with shareholders of the offeree company,
 - (ii) enter into arrangements with persons who although are not shareholders of the offeree company, nevertheless acquire voting rights in the offeree company,
 - (iii) deal or enter into arrangements which involve the trading in securities of the offeree company,
 - (iv) enter into arrangements which involve acceptance of a bid,

if there are favourable conditions attached which are not being extended to all the shareholders of the offeree company:

It is provided that, in case the offeror or the persons acting in concert with it take any of the above mentioned actions and the favourable conditions are such which can be offered to all the shareholders of the offeree company, the prohibition is not

valid, provided the offeror revises the bid according to section 28.

Publication of trading and other arrangements.

26.-(1) During the takeover bid period -

- (a) the offeror, any other person holding a percentage of five per cent (5%) or more of the voting rights of the offeree company or the offeror, must announce immediately, according to paragraphs (a), (b) and (c) of subsection (1) of section 7, every acquisition of securities of these companies by themselves, persons acting in their own name on their behalf or in concert with them, by controlled undertakings, as well as the acquisition price and any voting rights already held in that company;
- (b) anybody acquiring a percentage equal to half per cent (0,5%) or greater of the voting rights of the offeree company or the offeror, must make an announcement for this acquisition according to paragraphs (a), (b) and (c) of subsection (1) of section 7, as well as every subsequent acquisition of securities of these companies by himself, persons acting in their own name on his behalf or in concert with him or by his controlled undertakings, as well as the acquisition price and any voting rights already held in that company.

(2) During the takeover bid period, if the offeror or the offeree company or the persons acting in concert with them procure an irrevocable commitment or letter of intend, the offeror or the offeree company, depending on the case, make an announcement according to section 7, of the following details:

- (a) the number of securities and their percentage on the capital of the company;
- (b) the identity of the person from whom the irrevocable commitment or letter of intend has been procured;
- (c) any conditions to which the irrevocable commitment or letter of intend is subject to.

(3) If the person who procured the irrevocable commitment or letter of intend realise that it is not possible to comply with the terms of the irrevocable commitment or letter of intend or that it does not intend to comply -

- (a) announces immediately, according to section 7, the said decision or intention as well as relevant information, and
- (b) notifies the said decision or intention as well as the relevant information immediately to the offeror or the offeree company, depending on the case, and the Commission.

(4) When receiving the paragraph (b) of subsection (3) notification, the offeror or the offeree company, depending on the case, notify immediately the representatives of their employees or where there are no such representatives, the employees themselves.

PART VI

REVOCATION, CANCELLATION AND REVISION OF A TAKEOVER BID AND COMPETING TAKEOVER BID

Revocation or
cancellation of a
takeover bid.

27.-(1) A takeover bid made publicly known, according to section 22 binds the offeror and is not allowed to revoke it or cancel it, unless one of the following cases applies:

- (a) the making of a competing bid;
- (b) when the consideration offered to the recipients of the bid consists of securities, the inability to admit these securities on a regulated market;
- (c) the non fulfilment of any precondition the bid is subject to, which is mentioned in the offer document and approved by the Commission and in particular the necessary approval by virtue of the relevant legislation in force regulating the protection from competition;
- (d) not receiving the stated percentages of acceptance;
- (e) the existence of unforeseen and extraordinary circumstances, other than the economic inability of the offeror, as a result of which the bid may not be materialized, for reasons irrelevant with the will of the parties to the bid, as long as these circumstances are recognised by decision of the Commission.

(2) The revocation or cancellation of the takeover bid is announced immediately according to section 7 and is published by the offeror, as soon as possible in two daily newspapers of pan Cyprian circulation.

(3) As soon as the offeree company is notified of the said announcement, it notifies immediately the representatives of its employees or where there are no such representatives, the employees themselves of its content.

Revision of a takeover bid.

28.-(1) At any time before the commencement of the fourteenth day prior to the expiration of the time allowed for acceptance, the offeror may revise the bid with the purpose of improving it.

(2) The offeror announces, according to section 7, his intention to revise the bid and makes it publicly known with a relevant publication in two daily newspapers of pan Cyprian circulation.

(3) In the announcement provided by subsection (2), the offeror mentions in summary form, the amendments he intends to apply for with the submission of a revised offer document and in which way these lead to the improvement of his takeover bid.

(4) Within four days from the subsection (2) announcement, the offeror draws up a revised document which contains the proposed amendments to the offer document and submits it to the Commission and the board of the offeree company.

(5) In the case of non submission of the revised offer document within the deadline set in subsection (4), the Commission does not allow its subsequent submission.

(6)(a) The Commission issues its decision within four days from the date of submission of the revised offer document.

(b) In case the deadlines set to the Commission to issue its decision pass without any action being taken, the revised offer document is deemed to be approved.

(c) Irrespective of the provisions of paragraphs (a) and (b), the Commission may, at its absolute discretion, extend the deadline for deciding, without the offer document being considered approved; this deadline may be extended for up to twice the period available to the Commission, in which case the Commission grants an extension to the time allowed for acceptance of the takeover bid.

(7) The Commission may approve the revised offer document or indicate to the offeror amendments before allowing its publication or

prohibit its publication, if it is not satisfied that it improves the bid according to subsection (1) or that it does not satisfy the requirements of the present Law.

(8) For the examination of the revised offer document, the offeror pays to the Commission charges, the amount of which is set out in a Commission directive.

(9) In case of revision of the offer document, the time allowed for acceptance is automatically extended by two weeks.

(10) The recipients who, during the revision of the bid have already accepted it, are considered automatically to have accepted the revised bid but, if they so wish, they are entitled not to participate in the revised bid as long as they notify the offeror.

(11) As long as the approval of the Commission to publish the revised offer document is secured, the offeror -

(a) announces immediately, according to section 7, and publishes as soon as possible in at least two daily newspapers of pan Cyprian circulation, the approval of the offer document and, where applicable, mentions the address at which the holders of securities subject to the bid may receive a free copy:

It is provided that the same obligation exists in case the revised offer document is rejected by the Commission, in which case the offeror must state the reasons for rejection;

(b) communicates as soon as possible the revised offer document to the offeree company and to the representatives of the offeror's employees or where there are no such representatives, to the employees themselves; and

- (c) within two (2) days from the announcement of the document approval -
- (i) has the copies of the revised offer documents at the disposal of the holders of securities subject to the bid at the address mentioned in the paragraph (a) announcement and publication,
 - (ii) lists the revised document to its internet site, provided it maintains one, and
 - (iii) sends the revised document to the regulated market where the securities are listed, with the purpose of listing the document on its internet site;

It is provided that the offeror is not obliged to mail the revised offer document to any holder of securities.

(12) As long as the offeree company is notified of the approval of the revised offer document, it communicates as soon as possible the offer document to the representatives of its employees, or, where there are no such representatives, to the employees themselves.

(13) Section 23 applies to the revised offer document *mutatis mutandis*.

(14)(a) The approval of the Commission is necessary for further revisions, with a relevant application submitted to the Commission before the issuing of any announcement.

(b) The deadlines set in the previous subsections apply in the case of the present subsection *mutatis mutandis*.

(c) The Commission may prohibit consecutive revisions of a bid,

if it deems that these affect the operations of the offeree company and the stock market in a negative way.

(15) When the offeror, which is making a voluntary bid either in cash or with a cash alternative, acquires securities which causes it to have to extend to a mandatory bid under section 13 at no higher price than the existing cash bid, the change in the nature of the bid will not be viewed as a revision:

It is provided that in this case the offeror is called to make a relevant announcement according to section 7.

Automatic
revision of the
takeover bid.

29.-(1) In case during the period of a takeover bid the offeror, other persons acting in their own name on behalf of the offeror, controlled undertakings or persons acting in concert with the offeror acquire securities subject to the bid with terms more favourable than the ones contained in the offer document or in any revision of the bid, the more favourable terms are valid for all the recipients of the bid.

(2) In case of subsection (1), if the proposed consideration of the bid consist of securities and the persons of subsection (1) acquired securities with cash consideration, the offer of cash alternative is necessary, by choice of the recipients, to all the recipients of the bid.

(3) Immediately following the acquisition, the offeror announces immediately, according to section 7, that there will be an automatic revision of the bid according to the provision of the present section, the announcement must contain-

- (a) the number of securities acquired or there is intention to acquire;
- (b) the consideration paid or will be paid;

- (c) the more favourable terms which will be offered to the holders of securities subject to the bid;
- (d) explicit report to the fact that because of the actions of the offeror, a revised offer document will be submitted.

In addition to the announcement, the offeror publishes the fact as soon as possible in at least two daily newspapers of pan Cyprian circulation.

(4) As long as the offeree company is notified of the automatic revision of the bid, it communicates it as soon as possible to the representatives of its employees, or, where there are no such representatives, to the employees themselves.

Competing
takeover bid.

30.-(1) Those intending to make a competing bid announce their firm decision any time before the beginning of the fourteenth day before the expiration of the time allowed for acceptance of the original takeover bid and its revision.

(2) The announcement of subsection (1) is effected according to section 7 and the competing offer document is submitted simultaneously to the Commission.

(3) Subject to the provisions of subsection (2), the provisions of the present Law regarding takeover bids apply mutatis mutandis on competing takeover bids.

(4) In case of a competing takeover bid, if the original offeror does not exercise its right to recall its own bid, the time allowed for acceptance of the original bid is automatically extended until the expiration of the time allowed for acceptance of the competing bid.

(5) The recipients who, at the time of the competing bid have already

accepted the original takeover bid may accept the newer competing bid, as long as-

- (a) they notify in writing the offeror of the original bid that they withdraw their acceptance, and
- (b) validly accept the competing takeover bid, in which they attach the letter sent to the original offeror according to paragraph (a).

(6) The making of a competing takeover bid by persons acting on behalf or in concert with the original offeror is prohibited, unless with the approval of the Commission.

(7) The Commission may decide to prohibit the submission of consecutive competing takeover bids, as long as it judges that these affect the operation of the offeree company and the stock market in a negative way.

Provision of information to competing offerors.

31.-(1) Any information, given by the offeree company to one offeror or potential offeror, whether named or unnamed, must, on request, be given equally and promptly to another bona fide potential offeror, even if that other offeror is less welcome.

(2) The less welcome offeror or potential offeror should specify the subjects to which it requires information; It is not entitled, by asking in general terms, to receive all the information supplied to its competitor.

(3) The passing of information pursuant to this section is not subject to any conditions other than those relating to-

- (a) the confidentiality of the information passed;
- (b) prohibiting the use of the information passed to solicit third parties; and

- (c) the obligation to use the information passed solely in connection with a bid or a potential bid:

It is provided that conditions imposed by the offeree company may not be more onerous than those imposed upon any other offeror or potential offeror.

PART VII
DIRECTOR'S OBLIGATIONS, OFFEREE COMPANY OBLIGATIONS,
LIMITATION OF POWERS OF OFFEREE COMPANY BOARD AND
BREAKTHROUGH

General obligations of directors and offeror.

32.-(1) When directors and their close relations sell shares or enter into transactions with a third person, as a result of which that person is required to make a bid under this Law, the said directors and the persons closely related to them must ensure that as a condition of the sale or other relevant transaction the third person undertakes to fulfil his obligations under the present Law; except with the consent of the Commission, granted at its absolute discretion, such directors should not resign from the board of the offeror until the expiration of the time allowed for acceptance of the bid.

(2) The offeror, nominees of the offeror and persons acting in concert with it may not be appointed to the board of the offeree company, nor may they exercise, or procure the exercise of, the votes attaching to any shares they hold in the offeree company, until the expiration of the time allowed for acceptance of the bid.

Obligation of the board of the offeree company.

33.-(1) Following the announcement of the decision to make a bid according to section 6, the board of the offeree company is obliged to provide quick and accurate information to its shareholders and the representatives of its employees or, where there are no such representatives, to the employees themselves regarding the content of

the bid, as well as about-

- (a) any information about any material change in information previously announced or published;
- (b) any revision or revocation of the bid;
- (c) any competing takeover bids submitted;
- (d) the result of the takeover bid;
- (e) the views of the board as well as those of special experts on the takeover bid or the revised or the competing bid; and
- (f) anything else on the takeover bid and for every document or information made public according to the present Law.

(2)(a) The board of the offeree company shall draw up and make public according to subsection (3), a document setting out its opinion of the bid or the revised or competing bid and the reasons on which it is based, including its views on the effects of implementation of the bid on all the company's interests and specifically employment, and on the offeror's strategic plans for the offeree company and their likely repercussions on employment and the locations of the company's places of business as set out in the offer document in accordance with the Commission directive of section 20.

(b) Where the board of the offeree company receives in good time a separate opinion from the representatives of its employees on the effects of the bid on employment, that opinion shall be appended to the document in accordance with paragraph (a).

(c) The board of the offeree company must be ready to explain its opinion at all times, if requested.

(3) The document prepared by the board of the offeree company is made public according to section 7 and posted to holders of securities subject to the bid as soon as possible, and in any case not more than fifteen working days from receiving of the offer document according to sub-paragraph (A), sub-paragraph (III), paragraph (a) of subsection (1) of section 22; in case of a revised or competing bid, the said document is prepared within two working days from receiving the revised offer document according to paragraph (b) of subsection (11) of section 28:

It is provided that the Commission may grant a discharge from the obligation to post pursuant to paragraph (b) of subsection (1) of section 22, *mutatis mutandis*.

(4) To document prepared by the board of the offeree company determines, in addition to the information provided in subsection (2), the following:

- (a) whether the board acts in agreement with the offeror on the takeover bid and whether is aware of any other agreements, regarding the exercise of voting rights attached to the securities of the offeree company;
- (b) whether the members of the board of the offeree company holding securities of the company intend to accept the takeover bid;
- (c) whether any member of the board of the offeree company has any conflict of interest with the offeror and whether the said director accepts the opinion of the board and is bound by it:

It is provided that, in case the director is not bound by the opinion of the board and disagrees with it, he must say

so explicitly in the opinion prepared by the board, mentioning the reasons for disagreement as well as that he does not bear any responsibility for the opinion of the board;

- (d) whether there are any agreements, including agreements for the provision of services, between the offeree company or its directors or persons acting in concert with them, and the offeror or its directors or persons acting in concert with them, as well as subsidiary companies of the offeree company and the offeror:

It is provided that, in case there are any agreements, their terms must be mentioned in summary form;

- (e) whether there are any irrevocable commitments or letters of intend for the transfer of securities from the offeree company or any persons acting in concert with it, according to subsection (2) of section 26.

(5) The omission of the board to draw up and publish the document provided in the present section accurately and in time, does not entail the suspension of the takeover bid procedure, the members of the board though are liable for every damage sustained by holders from this omission.

(6) In the document drawn up by the board of the offeree company, the report from an independent from the parties to the bid auditor, I.F. or other special expert is attached; the report contains the opinion of the expert on whether the consideration proposed is equitable as well as his opinion on the base of valuation used to determine the consideration.

(7) The Commission may question the independence of the independent special expert appointed by the offeree company pursuant to subsection (6) and request the new appointment of another expert,

the independence of whom will be judged by the Commission, following a relevant application by the offeree company:

It is provided that by a Commission directive the criteria taken into consideration when determining whether a special expert is independent, are set.

(8) For the purposes of the present section and section 34, «board» shall mean both the management board and, when the organization of the company follows a two-tier structure, the supervisory board.

Limitation of powers of the offeree company board during the time allowed for acceptance.

34.-(1)(a) With the exception of seeking alternative bids, as soon as the board of the offeree company becomes aware that a bid is imminent and until the expiration of the time allowed for acceptance or the revocation or cancellation of the bid, it may not, without prior authorization of the general meeting of shareholders, take any action which may result in the frustration of the bid.

(b) As regards decisions of the board of the offeree company taken before the beginning of the period referred to in paragraph (a) and not yet implemented, the general meeting of shareholders shall approve or confirm any decision which does not form part of the normal course of the company's business and the implementation of which may result in the frustration of the bid.

(2) The board of the offeree company shall obtain the prior authorization of the general meeting of shareholders given for this purpose during the period determined in subsection (1), before deciding-

- (a) the issuing of shares of the company:

It is provided that the said limitation includes the issuing of shares which may result in a lasting impediment to the offeror's acquiring control of the offeree company;

- (b) any lawful acts entailing the substantial differentiation of the assets or the obligations of the company or the entering of ex gratia acts, unless the Commission, if satisfied that they do not result in the frustration of the bid, approves such acts;
- (c) the buy-back of own shares, unless with the approval of the Commission, which is granted when the Commission is satisfied that it does not result in the frustration of the bid;

Breakthrough. 35.-(1)(a) Following a decision of the general meeting of the shareholders, an offeree company which has its registered office in the Republic, may, with the possibility of reversing such a decision, to choose to follow the provisions of subsections (2) up to (6).

(b) The offeree company makes public immediately the decision taken pursuant to paragraph (a) to the Commission and to the relevant supervisory authorities of other member states such as the regulated markets in which its securities are admitted to trading or their admission has been applied.

(2)(a) Any restrictions on the transfer of securities provided for in the articles of association of the offeree company shall not apply vis-à-vis the offeror during the time allowed for acceptance of the bid.

(b) Any restrictions on the transfer of securities provided for in contractual agreements between the offeree company and holders of its

securities, or in contractual agreements between holders of the offeree company's securities entered into after the 21st of April 2004, shall not apply vis-à-vis the offeror during the time allowed for acceptance of the bid.

(3)(a) Restrictions on voting rights provided for in the articles of association of the offeree company shall not have effect at the general meeting of shareholders which decides on any defensive measures in accordance with section 34 and in any such meeting every share shall provide its holder with the right of one vote.

(b) Restrictions on voting rights provided for in contractual agreements between the offeree company and holders of its securities, entered into after the 21st of April 2004, shall not have effect at the general meeting of shareholders which decides on any defensive measures in accordance with section 34.

(c) Multiple-vote securities shall carry only one vote each at the general meeting of shareholders which decides on any defensive measures in accordance with section 34.

(4) Where, following a bid, the offeror holds seventy five per cent (75 %) or more of the capital carrying voting rights, no restrictions on the transfer of securities or on voting rights referred to in subsections (2) and (3), nor any extraordinary rights of shareholders concerning the appointment or removal of board members provided for in the articles of association of the offeree company shall apply; multiple-vote securities shall carry only one vote each at the first general meeting of shareholders following closure of the bid, called by the offeror in order to amend the articles of association or to remove or appoint board members; to that end, the offeror shall have the right to convene a general meeting of shareholders at short notice, provided that the

meeting does not take place within two weeks of notification.

(5) Where rights are removed on the basis of subsections (2) up to (4) of the present section, equitable compensation shall be provided for any loss suffered by the holders of those rights. The terms for determining such compensation and the arrangements for its payment shall be set between the offeror and the shareholder whose rights are removed.

(6) Subsections (3) and (4) shall not apply to securities where the restrictions on voting rights are compensated for by specific pecuniary advantages.

(7) A company which has elected to apply the provisions of subsections (2) up to (6), may, by decision of the general meeting of shareholders, be exempt from applying those subsections if it becomes the subject of a bid launched by a company which does not apply the same subsections as it does, or by a company controlled, directly or indirectly, by the latter, pursuant to Article 1 of the act of the European Community titled «Seventh Council Directive of 13th June 1983 based on the Article 54(3)(g) of the Treaty on Consolidated Accounts (83/349/EEC)», as amended by the Directive 2006/43/EC of the European Parliament and the Council of 17th May 2006 and as is further amended, corrected or replaced; the above mentioned decision of the general meeting of shareholders applies only as regards takeover bids made no earlier than 18 months following that decision.

(8) The present section does not apply-

- (a) where the Republic holds securities in the offeree company which confer special rights; and
- (b) to cooperatives.

OJ L 193, of
18.7.1983,
p. 1.
L 157, of
9.6.2006,
p. 87.

PART VIII
SQUEEZE OUT AND SELL OUT

Squeeze out.

36.-(1) In case an offeror makes a bid to all the holders of securities of the offeree company for the total of their holding, he is able to require all the holders of the remaining securities to sell him/her those securities in the following situations:

- (a) where the offeror holds securities in the offeree company representing not less than ninety per cent (90 %) of the capital carrying voting rights and not less than ninety per cent (90 %) of the voting rights in the offeree company;
- (b) where the offeror holds or has irrevocably agreed to acquire, following the acceptance of a takeover bid, securities in the offeree company representing not less than ninety per cent (90 %) of the capital carrying voting rights and not less than ninety per cent (90 %) of the voting rights included in the takeover bid.

(2) The offeror may exercise the right provided by subsection (1) within three months of the end of the time allowed for acceptance of the bid.

(3) The consideration for the acquisition of securities shall take the same form as the consideration offered in the bid or there will be a cash alternative.

(4)(a) The right provided in subsection (1) is exercised following a relevant application to the Commission, which is communicated by the offeror to the offeree company.

(b) The application includes the amount and the form of the

consideration offered.

(c) Together with the application, the offeror submits a confirmation by one or more credit institutions or other organizations with the necessary, according to the Commission, solvency, where it will be stated that the cash the offeror will be called to pay to the holders of securities of the offeree company is available and will remain available to the credit institution or to the organization until the completion of the procedure.

(d) The following working day from the submission of the said application, the offeror announces the fact according to the provisions of section 7.

(5) When the Commission ascertains that the offeror holds securities representing not less than ninety per cent (90%) of the offeree company's capital carrying voting rights and there is the confirmation provided in paragraph (c) of subsection (4), it issues a decision containing the obligation of the offeror-

- (a) to notify in writing the holders of securities of the offeree company which will be affected;
- (b) to pay the said holders immediately the total amount of the consideration offered, and
- (c) to take all necessary actions to transfer the securities in its name.

(6) The payment of the consideration and the transfer of securities, pursuant to subsection (5), is announced by the offeror, according to section 7, who notifies the offeree company.

(7) The holders of securities of the offeree company who transfer

their securities to the offeror, may take legal action against the offeror within six months from the announcement provided in subsection (6) and dispute the amount of the consideration offered:

It is provided that the transfer of shares according to subsections (5) and (6) is not hindered by the said legal actions.

(8) The Commission by directive specializes and regulates every relevant matter and necessary detail regarding the present section.

Sell out.

37.-(1) In any of the cases referred to in section 36(1), the holder of the remaining securities of the offeree company is able to require the offeror to buy his/her securities from him/her at a fair price; this right is exercised within three months of the end of the time allowed for acceptance of the bid.

For the purposes of the present subsection, subsection (3) of section 36 shall apply, mutatis mutandis.

(2) The offeror announces, according to section 7, the exercise of the right of subsection (1).

PART X

ANNOUNCEMENT OF THE RESULT OF THE TAKEOVER BID, PAYMENT OF THE CONSIDERATION AND RESTRICTIONS FOLLOWING THE TAKEOVER BID.

Announcement
of the result of
the takeover bid.

38.-(1)(a) The offeror announces the result of the bid, according to section 7, within two working days from the end of the time allowed for acceptance, and publishes the result the next day following the announcement in two daily newspapers of pan Cyprian circulation.

(b) As soon as the offeree company is notified of the paragraph

(a) announcement, it communicates it to the representatives of its employees, or where there are no such representatives, to the employees themselves.

(2) The announcement of subsection (1) must state the percentage of securities for which acceptances of the bid have been received, as well as the acceptances received by persons acting in concert with the offeror or in respect of which there was a previous agreement to accept the bid.

Acceptance of
the takeover bid
and payment of
the
consideration.

39.-(1) Acceptance of the bid by a recipient is effected by a written declaration or electronic message of an Operating Account Operator of the Central Depository and Central Registry of Securities, representing the recipient, the said written declaration or electronic message is deposited or is addressed to a credit institution or an I.F., or a group of credit institutions or I.F. that the offeror has determined in the bid and which have the right to offer in the Republic the service provided in paragraph (4) of Annex One of the Investments Firms (IF) Law and who have the capability to act as operators in the Central Depository and Central Registry of Securities.

(2) The credit institution or the I.F. determined by the offeror according to subsection (1) is responsible together with the offeror to any recipient or Account Operator representing a recipient, for the fact that the transfer of securities subject to the bid will be done simultaneously with the payment of the consideration or with the transfer of securities subject to the bid, depending on the case.

(3) Any expenses, charges or taxes necessary for the transfer to the offeror of securities subject to the bid or the transfer of securities to the recipients or the payment of the consideration, are born by the offeror.

(4) To recall the acceptance to a bid, subsection (10) of section 28

and subsection (5) of section apply.

(5) The transfer to the offeror of securities subject to the bid, the payment of the consideration and the transfer to recipients of securities proposed in the bid is effected in accordance to the procedures of the Central Depository and Central Registry of Securities.

(6) In case the bid concerns securities, the registry of which is not held exclusively by the Central Depository and Central Registry of Securities or for which another central registry or depository has been addressed abroad, the responsibility of the offeror for the appointment of a credit institution or an I.F. according to subsection (1), includes the determination of a credit institution or an I.F. who is able to act as operator in this other central registry or depository.

Advertising the takeover bid.

40. Every form of takeover bid advertisement is submitted, prior to its publication, to the Commission who checks and approves its content.

Prohibitions following the takeover bid.

41. Except with the consent of the Commission, at its absolute discretion and in extraordinary circumstances, where a bid has been announced according to sections 6 or 22 but has not become or been declared wholly unconditional and has been withdrawn or has lapsed, neither the offeror, nor any person who acted in concert with the offeror in the course of the original bid, nor any person who is subsequently acting in concert with any of them, may within twelve months from the date on which such bid is withdrawn or lapses either:

- (a) announce a bid or possible bid for the offeree company including a partial bid which could result in the offeror and persons acting in concert with it acquiring securities carrying thirty per cent (30%) or more of the voting rights of the offeree company;

- (b) acquire any securities of the offeree company if the offeror or any person acting in concert with him would thereby become obliged under section 13 to make an offer;
- (c) acquire or procure an irrevocable commitment or letter of intent in respect of, securities of the offeree company if the securities in which such person, together with any persons acting in concert with him or the offeror, would be interested and the shares in respect of which he, or they, had acquired irrevocable commitments would in aggregate carry thirty per cent (30%) or more of the voting rights of the offeree company;
- (d) make any statement which raises or confirms the possibility that a bid might be made for the offeree company;
- (e) take any steps in connection with a possible bid for the offeree company, where knowledge of the possible bid might be extended outside the closed circle of people who need to know the said steps.

Dispensation
from the
prohibitions of
section 41.

42. The Commission may, at its absolute discretion, grant dispensation from the prohibitions of section 41, when-

- (a) the new takeover bid is recommended by the board of the offeree company:

It is provided that such dispensation will not normally be granted within 3 months of the lapsing or revocation or cancellation of an earlier bid; or

- (b) the new bid follows the announcement of a bid by a third independent party for the offeree company according to section 6.

Prohibitions following a partial takeover bid.

43.-(1) The prohibitions of section 41 will also apply following a partial takeover bid resulting in the offeror and the persons acting in concert with it-

- (a) holding shares carrying not less than thirty per cent (30%) but not more than fifty per cent (50%) of the voting rights of the offeree company, whether or not the bid has become or been declared wholly unconditional, or
- (b) holding shares carrying more than fifty per cent (50%) of the voting rights of the offeree company while the bid has not become or been declared wholly unconditional.

(2) In the case of a successful partial bid, neither the offeror, nor any person who acted in concert with the offeror, nor any person who is subsequently acting in concert with any of them, may, except with the consent of the Commission, granted at its absolute discretion and in extraordinary circumstances acquire any securities of the offeree company during a period of twelve months after the end of the period of the bid.

Prohibition from acquiring securities above the takeover bid value.

44.-(1) If the offeror and persons acting in concert with him, hold securities carrying more than fifty per cent (50%) of the voting rights of the offeree company, neither the offeror nor any person acting in concert with him may, within six months of the closure of any previous bid made by him to the shareholders of that company which became or was declared wholly unconditional-

- (a) make a second bid to any shareholder in that company,

- (b) enter into arrangements with such a shareholder,
- (c) enter into agreements or contracts, the subject of which is to trade in securities of that company,
- (d) enter into agreements including the acceptance of the bid, and
- (e) acquire securities of the said company,

on more favourable terms than those made available under the bid.

(2) Any arrangements or agreements mentioned in subsection (1) are void.

For the purposes of the present section, the value of a securities exchange bid shall be calculated as at the date of the expiration of the time allowed for acceptance.

Restrictions on dealings by a competing offeror.

45. Where a bid has been one of two or more competing bids and has lapsed, neither that offeror, nor any person acting in concert with that offeror, may acquire any shares in the offeree company on more favourable terms than those made available under its lapsed bid until each of the competing bids has either been declared unconditional in all respects or has itself lapsed; for this purpose, the value of securities shall be calculated as at the day the bid lapsed.

PART XI

ADMINISTRATIVE SANCTIONS, CIVIL AND CRIMINAL LIABILITY AND SUPERVISORY RESPONSIBILITY OF THE CYPRUS SECURITIES AND EXCHANGE COMMISSION

Administrative sanctions.

46.-(1) Any person violating the provisions of the present Law or any directive issued pursuant to this Law is subject to an administrative fine

by the Commission not exceeding two hundred thousand pounds (200,000 CYP) and, in case of a repeated violation, four hundred thousand pounds (400,000 CYP), depending on the gravity of the violation.

(2) If it is proven that the person referred to in subsection (1) has obtained gain as a result of this violation, which gain exceeds the sums of the administrative fine specified in subsection (1), the Commission shall have the power to impose an administrative fine of up to double the amount the gain that the person responsible has been proven to have gained as a result of the violation.

(3) Without prejudice to the provisions of subsections (1) and (2), the Commission may suspend the voting rights held by the person mentioned in subsection (1) at the general meetings of the offeree company, for no more than five years.

(4) Without prejudice to subsections (1) and (2), the Commission may impose an administrative fine

(a) to a legal person; and or

(a) a director, manager or officer in case it is proved that the violation is owed to his responsibility, wilful omission or negligence.

Levy of
administrative
fine.

47.-(1) The administrative fines imposed pursuant to this Law shall be calculated as revenue of the Treasury of the Republic.

(2) In case of failure to pay the administrative fine, measures are taken for its payment, as provided in the Cyprus Securities and Exchange Commission (Establishment and Responsibilities) Law.

Civil Liability.

48.-(1) Any person violating this Law, or a directive issued pursuant to

this Law, shall compensate any person who suffers damage or loss of profit or both, which has arisen due to his act or omission in violation of the obligations emanating from this Law or from a directive issued pursuant to this Law.

(2) Criminal liability or the imposition of an administrative sanction does not relieve the offender from any civil liability.

Criminal Liability. 49.-(1) Irrespective of the provisions of section 46, a violation of subsection (3) of section 21 constitutes a criminal offence punishable by imprisonment of up to five years, or by a fine of up to two hundred thousands Cyprus pounds (200.000 CYP.), or by both of these penalties.

(2) Criminal liability for the offence established under subsection (1) committed by a legal person is borne, in addition to the legal person itself, also by any member of its administrative, executive, or auditing bodies proven to have consented or collaborated in any way, to the commission of the criminal offence.

(3) A person who, under the provisions of subsection (2), bears criminal liability for the criminal offence committed by a legal person, is jointly and severally liable with the legal person for any damage caused to third parties as a result of their act or omission which constitutes the criminal offence.

Competent supervisory authority and powers.

50.-(1) The Commission is the competent authority responsible for ensuring the supervision and application of the provisions of the said Law and the directives issued thereof, as well as the imposition of administrative sanctions, and it exercises its powers-

- (a) directly,
 - (b) in collaboration with other authorities or with market operators,
- or

(c) under its responsibility by delegation of power to such authorities, or the market operators.

(2) The Commission consults with market participants concerning possible amendments in the said Law or in regard to any other matters.

(3) The Commission may look into administrative violations either *ex officio*, or following a complaint submitted to it.

(4) The provisions of the Cyprus Securities and Exchange Commission (Establishment and Responsibilities) Laws, concerning the supervisory competency of the Commission, its power to collect information, conduct investigations and inspections, to impose administrative sanctions, to co-operate with competent supervisory authorities in the Republic and abroad, and generally all its competencies, powers, responsibilities and duties, apply also for the purposes of application and supervision of the present Law, *mutatis mutandis*.

(5)(a) Regardless of the Cyprus Securities and Exchange Commission (Establishment and Responsibilities) Law, the Commission may at any time from the announcement of the bid, according to section 6 of the present Law, request the parties to the bid to produce immediately all the information and documents at their disposal regarding the takeover bid and are necessary for the execution of its duties and call any of the parties to the bid to communicate any facts and documents they possess regarding the takeover bid.

(b) In case the Commission collects information pursuant to the present subsection, it sends a relevant written request calling the person to whom it is addressed to comply immediately.

(c) While examining any applications, the Commission may

demand orally or in writing the production of any elements and information.

(d) Non compliance with a relevant written or oral request of the Commission pursuant to the present subsection brings upon an administrative sanction according to section 46.

(6) For the purposes of the present Law, the provisions of the Cyprus Securities and Exchange Commission (Establishment and Responsibilities) Law regulating the following matters apply mutatis mutandis-

- (a) the lifting of confidentiality on the Commission by its regulated and controlled persons and any other persons, and
- (b) the obligation of confidentiality and professional secrecy.

Co-operation of the Commission with the competent supervisory authorities abroad.

51. - (1) For the purposes of the present Law, the provisions of the Cyprus Securities and Exchange Commission (Establishment and Responsibilities) Law regulating the cooperation of the Commission with competent supervisory authorities abroad apply mutatis mutandis.

(2) Without prejudice to the above provisions, the Commission may cooperate with competent supervisory authorities abroad as to the ability to serve the legal documents necessary to enforce measures taken by the competent authorities in connection with bids, as well as such other assistance as may reasonably be requested by the supervisory authorities concerned for the purpose of investigating any actual or alleged breaches of the rules made or introduced pursuant to Directive 2004/25/EC.

PART XII
FINAL PROVISIONS

Issuance of
Directives.

52. Without prejudice to the provisions of the present Law which provide the issuance of directives, the Commission may issue directives for the regulation of any other matter in the present Law, which is apt to or is susceptible to determination.