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Κυπριακή Νομική Επιθεώρηση
CYPRUS LAW REVIEW

ΘΕΩΡΙΑ ΚΑΙ ΠΡΑΞΗ ΚΥΠΡΙΑΚΟΥ ΚΑΙ ΕΥΡΩΠΑΪΚΟΥ ΔΙΚΑΙΟΥ

Πανεπιστήμιο Κύπρου | Ευρωπαϊκό Πανεπιστήμιο Κύπρου | University of Nicosia | Frederick University | Πανεπιστήμιο Νεάπολις Πάφος

ΤΕΤΡΑΜΗΝΙΑΙΑ ΕΚΔΟΣΗ | ΜΑΪΟΣ-ΑΥΓΟΥΣΤΟΣ 2021 | ΕΤΟΣ 1ο | ΑΡ. ΤΕΥΧΟΥΣ 2

ΑΝΑΤΥΠΟ

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ΝΟΜΙΚΗ ΒΙΒΛΙΟΘΗΚΗ

Authority to represent a company under Cyprus law

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This study presents the legal framework determining the authority to represent a Cyprus Company under the Companies Law (Cap. 113). The Article discusses matters of legal methodology and interpretation of the pertinent legal sources, and essential features of the legal regulation of business associations in Cyprus.

I. Introduction

The authority to represent a company goes to the heart of company law but also involves the rights and reasonable expectations of third parties and thus presents significant interest for legal and transactional certainty. The importance of the matter is further underlined by the noticeable role that companies incorporated in Cyprus have in a growing number of international transactions, often involving multiple parties and diverse interests. Agency problems are also increasingly important in matters of civil litigation and even arbitration, including the question of knowing who the addressee of *in personam* orders should or may be.

This article serves an instructive and an illustrative purpose. Its subject concerns the fundamentals of the agency question in Cyprus company law. These are discussed in Section III below, which places a particular emphasis on legislative provisions. The preceding Section II provides a conceptual framework within which to consider these legal norms. The article concludes with some more general observations about the doctrinal approach to Cyprus company law and business governance.

II. Fundamental Notions of Cyprus Company Law

A. Sources and Methodology

Cyprus commercial and corporate law is largely based on English law. This holds true as to both substantive law and the litigation of commercial and corporate matters. This also means that contract law must be considered, for agency questions, together with company law properly speaking.

The basis of both contract and company law in Cyprus exists in statutory form. The Contract Law (Cap. 149) addresses general contract law including the law of agency. The Companies Law (Cap. 113) provides the legal framework for companies. Both laws were promulgated during the period of British colonial rule i.e. prior to 1960, transplanting English common law and/or statutory law. Both are open-ended codes, in the sense that they continue to be interpreted in accordance with English law. This must be contrasted to the Continental codifications, which are supposed to preclude pre-existing law in their field of application and are still regarded, in many jurisdictions, as "gapless". In the common law tradition, the notion of a gap is underplayed. A court must observe the legislative rule but these rules tend to be interpreted in accordance with the pre-existing common law regime, unless they constitute a clear departure from the pre-existing case law.

This is clearly the case with the Contract Law, which has not been subjected to any notable legislative amendment, whereas English law has remained case law based.[1]

The Companies Law merits more discussion. We could summarize the state of affairs by noting that Cyprus statutory law follows English company law and we therefore draw on English company law, in principle, to interpret Cyprus law. The only instance of differentiation exists in those areas where Cyprus has, by choice or omission, not followed recent English legislative reforms of company law. For example, there is no equivalent so far to section 172 ("Duty to Promote the Success of the Company") of the English Companies Act 2006, which sets a framework in the exercise of the director's responsibilities towards the company,[2] and indeed, when it

1. The Contract Law itself is a slightly (mostly as to technical aspects) updated version of the Indian Contract Act 1872.
2. s. 172 of the Companies Law Act 2006.
   (1) A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the

comes to corporate governance, general Cyprus law would still be regarded as more laissez-faire than modern English law. It is also conceivable that, in some instances, Cyprus case law may on occasion diverge or maintain a more traditional stance. Such occasions are quite rare however. In the absence of a clear or express divergence it is safe to assume that Cyprus courts would follow established English law. It is true that the colonial-era Companies Law essentially transplanted into Cyprus the then-existing English statute, i.e. the Companies Act 1948. But this has been a living transplant, as opposed to many legislative transplants in especially Continental jurisdictions, which eventually start a life of their own. To this day Cyprus company law has continued to be conceptualized and interpreted in the spirit of an English legal tradition and, in the absence of a radical departure, in tune with the evolving legal regime of English companies.[3]

Sometimes, a casual *a contrario* argument is made: colonial-era codifications of the first and second wave such as the Contract Law, the Civil Wrongs Law), which contain an express provision are contrasted to third-wave codifications, including the Companies Law, which contain no such express provision.[4] It has been said that a contrario arguments are treacherous, and this is certainly the case here: the reason for this change in colonial legislative style has to do with the simple but most pertinent fact that, at the time of the second wave, post-Ottoman law was supposed to constitute the residual law of the colony, unless it had been supplanted by colonial legislation: it thus made sense to state clearly that English legislative transplants were cut off from that environment. In 1935, English common law became the residual law of the land. A provision such as Article 2(1) of the Contract Law would thus be redundant and superfluous with regard to the Companies Law.

Since independence, the Companies Law has been revised in certain points to take account of the needs of the practice of corporate services. Since EU accession, the Companies Law has been substantially revised in the process of transposing the EU company law Directives: whereas the original text of the Law was in English, such legislative amendments were in Greek, the official language of the Republic. Unquestionably, in the process of transposition, terms of the Directives' texts with Continental undertones have appeared into the text of the statute. But such occurrences have been relatively rare and there has been no change in the practice and doctrine of Cyprus company law.

B. Legal nature of a Cyprus company

There are two principal forms of business associations in Cyprus: *partnerships* (governed by the Partnerships Law, Cap. 116) and *companies* (governed by the Companies Law, Cap. 113).[5] Business activity in Cyprus is overwhelmingly organized via companies rather than partnerships. Whereas both are essentially associations of individuals formed together for a common purpose, a partnership is literally constituted by its members, i.e. *partners*. A *partnership* does not possess a separate legal personality. Its *general partners* are jointly and severally liable for the company's obligations.

On the contrary, a company's members are its shareholders: in a company limited by shares, each shareholder's liability is limited to the value of his/her shares. Hence, the Law speaks of "incorporated company, with limited liability."

Cyprus company law is built upon the foundation of the company's independent legal personality. That is, a company incorporated under Cyprus law constitutes a separate and independent legal entity, capable of bearing, on its own, its own rights and obligations (including capacity to sue and be sued in court). A company is therefore a "legal person" ("body corporate," νομικό πρόσωπο), a concept contrasted to a natural person (φυσικό πρόσωπο). Natural persons serving as the company's officers may represent the company, as provided in the law and in the company's articles of association; this is an agency relation with legal specificities. Likewise, the com-

company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to—
(a) the likely consequences of any decision in the long term,
(b) the interests of the company's employees,
(c) the need to foster the company's business relationships with suppliers, customers and others,
(d) the impact of the company's operations on the community and the environment,
(e) the desirability of the company maintaining a reputation for high standards of business conduct, and
(f) the need to act fairly as between members of the company.
(2) Where or to the extent that the purposes of the company consist of or include purposes other than the benefit of its members, subsection (1) has effect as if the reference to promoting the success of the company for the benefit of its members were to achieving those purposes.
(3) The duty imposed by this section has effect subject to any enactment or rule of law requiring directors, in certain circumstances, to consider or act in the interests of creditors of the company.

3. This would not deny a different focus in the respective discourse: whereas much of the modern discussion in English company law, as indeed most of the discussion globally, concerns large corporations with complex internal governance structures and multiple stakeholders, the booming practice and meager scholarly discussion of Cyprus company law is more concerned with smaller, mostly private companies.
4. On the notion of distinct waves or stromata of Cyprus legislation see Nikitas Hatzimihail, "Cyprus as a Mixed Legal System," *Journal of Civil Law Studies* 6 (2013): 37-96, 71-82 and, in summary, idem, «Εισαγωγικό Σημείωμα» in idem, *Βασική Κυπριακή Νομοθεσία* (Νομική Βιβλιοθήκη, 2017), XI-XII.
5. Given that the Greek term for company (εταιρεία) is really the equivalent of and derives from the French *société*, this is an area of some confusion, where casual translations have produced "false friends" and even impacted legal arguments. This matter is discussed in another article.

pany via its officers may authorize other persons to represent the company, acting as agents (with the company again being the principal).

As stated, in matters of representation, Cyprus law follows the English law of agency. Article 142 of the Contract Law states

> *"An "agent" is a person employed to do any act for another or to represent another in dealings with third persons. The person for whom such act is done, or who is so represented, is called the "principal".*

Cyprus law distinguishes between public and private companies. This is essentially the same corporate form, i.e. of a company limited by shares ("LTD"). The difference between a public and a private company lies in the fact that a public company must have a minimum of seven members, whereas a private company may even have one single member (and a statutory maximum of 50).[6] A private company is moreover allowed to "restrict the right to transfer its shares" and "prohibit any invitation to the public to subscribe for any shares of debentures of the company."[7] There is otherwise no pertinent difference: the legal personality, rights and obligations of a private company are as distinct from its members as those of a public company.

C. Constitution and Incorporation under Cyprus law

According to Article 17(1) of the Companies Law, *"A certificate of incorporation given by the registrar in respect of any association shall be conclusive evidence that all the requirements of this Law in respect of registration and of matters precedent and incidental thereto have been complied with, and that the association is a company authorised to be registered and duly registered under this Law."* This certificate is issued on the day of incorporation as prescribed in Article 15.

In order for such a certificate to be issued, the Registrar must be satisfied that the conditions set out in the Companies Law are met. A duly signed Memorandum of Association (ιδρυτικό έγγραφο), as prescribed in Articles 3-5 of the Companies Law is required. Article 8 states that companies limited by shares "may" register with the Memorandum Articles of Association (καταστατικό), containing the regulations prescribed in Articles 10 (and conforming to the formalities of Article 11) of the Companies Law, but it is nearly universal practice. The Company must also possess a minimum of two directors (Article 170) and a secretary (Article 171), at the time of incorporation and at all times subsequently: we shall return to these officers in Section III.

The existence of a **registered office (εγγεγραμμένο γραφείο)** is a precondition for the constitution of a company in Cyprus.[8] Article 102(1) reflects this practice: whereas the original, colonial-era wording of the provision stated that "A company shall, as from the day on which it begins to carry on business or as from the fourteenth days after the date of its incorporation, whichever is the earliest, have a registered office in the Colony to which all communications and notices may be addressed," the Law has been amended to the effect that "A company shall, from the date on which the certificate mentioned in Article 15 [i.e. the Certificate of Incorporation] is issued, have a registered office." The amendment took effect in 2015 but it had long been universal practice for the Registrar to require a declaration of registered office in order to issue the certificate of incorporation.

A company would cease to be constituted or incorporated in Cyprus when it is stricken out of the Companies Registry. Leaving aside instances of company dissolution or transfer of seat, liquidation and insolvency, Article 327 sets out a number of instances in which the Companies Registrar may move to "strike the name of the company off the registry," in which case the company ceases to be regarded as "constituted or incorporated" under Cyprus law. The first instance concerns those cases where there is "reasonable cause to believe that the company is not carrying on business or [is not] in operation."[9] This provision goes back to the original text of the Law, which also describe the procedure to be followed.[10] In 2015, the Law was amended, giving the Companies Registrar the power to strike a company off the registry if the company has not paid its annual dues for a year. A third instance concerns those cases where a company omits to file any document whose filing with the Registrar is required by the Law.[11]

6. Article 29(1) of the Companies Law (Cap. 113).
7. Ibid.
8. In recent years, there has been some discussion as to the possibly substantive nature of a registered office, namely in the context of ascertaining whether a company has its "seat" in Cyprus for standing purposes in investment arbitration proceedings. See notably *Central European Aluminium Company (CEAC) v. Montenegro*, ICSID Case No. ARB/14/8. Without going into public or private international law discussion, there is no basis for such an assertion in either the practice of Cyprus law or in English company law doctrine, from which the concept of a registered office clearly derives. Even though there has so far been no domestic debate in this regard, this is an opportunity to consider the function of legal institutions. Under Cyprus law, a registered office is a procedural formality necessary for the existence of a "LTD" company. It also evidences the company's incorporation in the Republic, which establishes both *forum societatis* and general jurisdiction (*forum rei*) against the company and triggers the application of Cyprus law as *lex incorporationis*. Most pertinently for purposes of this article, it also performs certain communication and due diligence functions vis-à-vis the Registrar and especially third parties which ensure transactional certainty.
9. Article 327(1) of the Companies Law (Cap. 113).
10. Article 327(1) and (2) ibid.
11. Article 327(1) ibid.

This provision was added to the Law in 1977.[12] The provision must be seen in the light of Article 118, which states a company's obligation to file annual financial statements with the Companies Registrar. But as long as the company has not been stricken out of the Companies Registry, third parties in good faith are obviously not impacted by the extent of their counterparty's regulatory compliance.

III. Authority to represent a Company

A Cyprus incorporated company consists of various officers, which assist it in conducting its business. Article 2 of the Companies Law states that *"'officer,' in relation to a body corporate, includes a director, manager or secretary."*

A. Authority of a private company's secretary

The ***secretary (γραμματέας)*** of a company incorporated in Cyprus is employed or engaged under an employment agreement or an engagement letter. No statutory definition of a secretary exists in the Companies Law. The secretary may be a natural or even a legal person. The office of the secretary is however mandatory under Cyprus company law and practice: Article 171(1) of the Companies Law thus states that *"Every company shall have a secretary."*

The secretary's conditions of service are determined by:

- pertinent statutory provisions
- the provisions included in and/or implied through the articles of association of the Company
- the secretary's employment agreement or letter of engagement
- the practice followed by the Company.

As far as the legal status of a secretary is concerned, it is commonly accepted that the secretary is a servant of the Company who performs the duties appropriate to the office of the secretary, which especially concerns administrative duties and ensuring compliance with administrative formalities under Cyprus company law and regulations. On the contrary, a secretary is not concerned with the management of the company, unless such duties have been lawfully entrusted upon the secretary by the Company in question.

The question therefore of whether the secretary of a Company can be considered as "*party to the carrying on of a business*" of the Company is a question of fact that can only be conclusively determined in the individual case by examining the status accorded to the secretary by the Company in question. In the absence of such evidence, however, the answer should be negative.

It is indicative in this regard that Article 171(1) also states that *"a sole director shall not also be secretary"* and Article 172 prohibits having as secretary, or as sole director, another corporation whose sole director is the sole director, or secretary, of the Company. Moreover, Article 171(2) provides that:

> *"Anything required or authorized to be done by or to the secretary may, if the office is vacant or if there is for any other reason no secretary capable of acting, be done by or to any assistant or deputy secretary or, if there is no assistant or deputy secretary capable of acting, by or to any officer of the company authorized generally or specifically by the directors."*

Cyprus case law confirms this conclusion, which consecrates a common law principle. For example, in a recent case the Nicosia District Court held that a company's secretary is obliged with ensuring compliance with the Company's legislative obligations but is has no power to make business decisions.[13] Loizou, D.J. quoted to that effect from several English reference works and English case law, including the following

> *"So far as the position of the secretary as such is concerned, it is established beyond all question that a secretary, while merely performing the duties appropriate to the office of secretary, is not concerned in the management [of] the company. Equally, I think he is not concerned in carrying on the business of the company. On the other hand, it is equally well established, indeed it is obvious, that a person who holds the office of secretary may in some other capacity be concerned in the management of the company's business."*[14]

Based on the above, it is beyond question that the secretary of a Cyprus company who conducts merely the duties appropriate to the office of secretary cannot be considered as involved in the management of the Company. Moreover, the Secretary cannot represent the Company without prior authorisation from the appropriate body of such company. Absent these conditions, the secretary's actions do not bind such company.

B. Authority of a private company's directors

Article 2 of the Companies Law offers the following statutory definition:

"director" includes any person occupying the position of director by whatever named called.

This means that Cyprus law defines **director (σύμβουλος)** in a legal/functional and not nominate/formalist manner, in the sense that what matters is the managerial function performed and how this function is externalized to the outside world ("occupying the position of the director"). The precise

12. Article 9 of the Companies (Amending) Law 1977 (L. 76/1977).

13. *Tax Commissioner v. G.J. Metaxas Jewellery Gallery Ltd*, ECLI:CY:2019:EDLEF:B95.

14. *Re Maidstone Buildings Provisions Ltd* [1971] 1 WLR 1085, 1092 (Pennycuick V.C.)

title prescribed in the Company's Articles of Incorporation is not decisive.

The legal basis for the director's power to bind the company derives from both statutory law and the common law. Whereas Companies Law does not contain an express statutory provision, in its main body, regarding the power of the director or directors of a Company, such power is inferred from several provisions of the Law as well as from the nature of the position.

Equally importantly, the Companies Law provides, in its Annexes, Model Articles of Incorporation. Article 10 states

> ***(1)*** *Articles of Association may adopt all or any of the regulations contained in Table A in the First Schedule*
>
> ***(2)*** *In the case of a company limited by shares and registered after the commencement of this Law, If articles are not registered, or if articles are registered, in so far as the articles do not exclude or modify the regulations contained in Table A in the First Schedule, those regulations shall, so far as applicable, be the regulations of the company in the same manner and to the same extent as if they were contained in duly registered articles.*

This means that the provisions contained in these Articles of Incorporation constitute what is in the common law tradition called *terms implied by statute* (and in the Continental legal tradition dispositive statutory rules), which shall apply absent express derogation by the parties. Moreover, these provisions are commonly used and generally relied upon in Articles of Association drafted by Cyprus lawyers and adopted by Cyprus companies, which creates a very strong presumption for any third party doing business with the company.

In this spirit we come to Regulation 80, as stated in Part I of Table A (and applied to both private and public companies, as affirmed in r.1 of Part II), which states the following:

> *80. The business of the company shall be managed by the directors, who may pay all expenses incurred in promoting and registering the company, and may exercise all such powers of the company as are not, by the Law or by these regulations, required to be exercised by the company in general meeting, subject, nevertheless, to any of these regulations, to the provisions of the Law and to such regulations, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the company in general meeting but no regulation made by the company in general meeting shall invalidate any prior act of the directors which would have been valid if that regulation had not been made."*

On the basis of the above, we can safely conclude that Cyprus law grants the directors of a Cyprus company, subject to contrary express statutory provisions, or provisions in the company's constitution, the powers and duties of carrying on the whole of its business, including the power to represent the company as agents thereof. Moreover, Cyprus corporate practice has created a very strong presumption in favour of third parties dealing with the company's directors as agents of the company.[15]

C. Authority of agents appointed by the Company

In addition to directors, other agents of a Cyprus company may have authority to represent and bind the same against third parties. This again is inferred from common law and statutory law and is illustrated in Regulation 81 of Part I of Table A of the First Appendix to the Companies Law, which provides:

> *81. The directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the directors, to be the attorney or attorneys of the company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these regulations) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the directors may think fit and may also authorize any such attorney to delegate all or any of the powers, authorities and discretions vested in him.*

D. Form requirements for the authorization of an agent

There is no specific requirement as to the form of such authorization. Cyprus law follows English law in this regard, where it is noted that "appointments of agents by corporations follow precisely the same rules as apply to individuals."[16]

Cyprus contract law follows the principle of informality of contracts, as expressed, in general terms in Article 10 of the Contract Law *("All agreements ... may, subject to the provisions of this Law, be made in writing, or by word of mouth, or partly in writing and partly by word of mouth, or may be implied from the conduct of the parties"*) and, specifically regarding agency, in Article 146 of the Contract Law *("The authority of an agent may be express or implied"*).

More specifically, Article 33 of the Companies Law expresses the principle that the same formalities required for contracts concluded between natural persons are required for contracts entered into by a company:

15. See e.g. in this regard *Tax Commissioner v. G.J. Metaxas Jewellery Gallery Ltd*, ECLI:CY:2019:EDLEF:B95.
16. Roderick Munday, *Agency: Law and Principles*, 2nd ed. (Oxford: Oxford University Press, 2013) §2.09 with reference to s. 43(2) of the Companies Act 2006 (*"Any formalities required by law in the case of a contract made by an individual also apply, unless a contrary intention appears, to a contract made by or on behalf of a company"*).

1. Contracts on behalf of a company may be made as follows:

A contract which if made between private persons would be by law required to be in writing, and if made according to English law to be under seal, may be made on behalf of the company in writing under the common seal of the company

a contract which if made between private persons would be by law required to be in writing, signed by the parties to be charged therewith, may be made on behalf of the company in writing signed by any person acting under its authority, express or implied;

a contract which if made between private persons would by law be valid although made by parol only, and not reduced into writing, may be made by parol on behalf of the company by any person acting under its authority express or implied,

2. A contract made according to his section should be effectual in law and should bind the company and its successors and all other parties thereto.

3. A contract made according to this section may be varied or discharged in the same manner in which it is authorized by this section to be made.

It is therefore clear that there no legal requirement, under Cyprus law, for a Power- of-Attorney to be executed as a separate document, in order for the appointment of the attorney to be duly and properly constituted, allowing him/her to lawfully and validly represent the company appointing him/her. Any such formalities serve an evidentiary and a channeling function.

It is however a matter of good practice that a Cyprus company purporting to authorise and/or empower a person, other than one of its directors (which, in accordance with the Companies Law have ostensible and/or apparent authority to act for and bind a company) to carry out and/or perform any act, for and on such company's behalf, approves and authorises the execution and issue of a power of attorney in favour of such person, in the form of a separate document, presented to and approved by its directors or other competent body, depending on the provisions of the company's articles of association.

Accordingly, a person appointed by a Cyprus company through a power of attorney to represent it before any other company and/or authority and/or for the purpose of signing any document for and on behalf of such company has, subject to the provisions of the document appointing him, due power and authority to represent and bind such company.

E. Authority and effects of a director (or authorised agent) vis-à-vis third parties

The power of the director of a Cyprus company to bind the company vis-à-vis third parties is relatively wide under the common law and has been made wider in company legislation.

The English common law has developed the principle of apparent/ostensible authority, in order to protect third parties "induced to enter into a transaction with a principal by a party who appears to have authority but who in fact lacks such authority."[17]

The principle is consecrated in Article 197 of the Cyprus Contract Law (Cap. 149):

"*When an agent has, without authority, done acts or incurred obligations to third persons on behalf of his principal, the principal is bound by such acts or obligations if he has by his words or conduct induced such third persons to believe that such acts and obligations were within the scope of the agent's authority*."

The application of the principle with regard to companies is further buttressed in the provisions of the Companies Law, especially as amended.

Article 174 thus aims at protecting third parties from the repercussions of possible defects in the appointment of a director, by stating that: *"The acts of a director or manager shall be valid notwithstanding any defect that may afterwards be discovered in his appointment or qualification.*"

Article 33A of the Companies Law is the most pertinent: it is general in its application and expands upon the law of agency (as expensed in general contract law). It also constitutes a modification of the common law *ultra vires* doctrine, to the benefit of third parties doing business with the company.

(1) The company shall be bound towards third parties by acts or transactions of its officers even if such acts or transactions do not fall within the objects of the company, unless such acts or transactions are performed in excess of the powers, which the law confers or allows to be conferred to the officers concerned

Provided that, the company shall not be bound towards third parties in case such acts or transactions do not fall within the objects of the company, if and insofar, the company proves that the third party knew that the acts or transactions do not fall within the objects of the company or could not, in view of the circumstances, have been unaware of it.

Provided further that, the publication of the articles and of the memorandum does not, of itself amount to sufficient proof of knowledge on behalf of the third person.

(2) Any restrictions contained in the articles and in the memorandum of the company, or in the decisions of the directors or of the general meeting on the powers of the

17. See e.g. *Freeman v. Lockyer (a firm) v. Buckhusrt Park Properties (Mangal) Ltd* [1964] 2 QB 480, 502. For a discussion see Munday, *Agency*, §4.0ff.

officers or the general meeting of the company cannot be asserted against third parties, even if they have been published."

Article 33A was added in the Companies Law in 2000, in the process of harmonisation of Cyprus company law with the EU Directive.[18] A similar development has taken place in English law.[19] As such, Article 33A expresses both the policies underlying the modern Cyprus commercial and company law (legal certainty; protection of reasonable expectations and transactional reliance), but also EU policies, aiming precisely at facilitating cross-border transactions, and generally the activity, of EU Member State companies.

As a result, a third party can reasonably infer he is contracting with a Cyprus company when dealing with its directors. The third party does not need to inquiry about the directors' powers under the Company's constitution to enjoy such protection. All that is required is the third party's good faith, which is presumed until the contrary is proven.

Based on the above, directors of a Cyprus company have the power to lawfully and validly carry on its business and/or represent it and their acts shall, subject to what has been stated above, bind such company against third parties.

IV. Conclusion

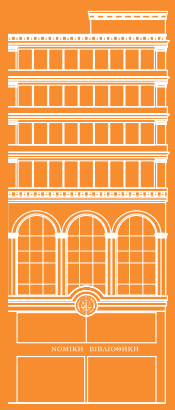
From the point of view of comparative law, the legal system of Cyprus should be considered as mixed, for reasons elaborated elsewhere.[20] When it comes to company law, however, Cyprus falls squarely into the legal family deriving from English commercial and company law.[21] That legal tradition therefore offers us a reliable starting point for the legal terms, concepts and institutions of business governance deriving from English law. Quite often, in fact, English authorities may provide a decisive answer to our question.[22] But a comprehensive examination should not be limited to English law. Cyprus law is, after all, a separate legal system that addresses the distinct needs of an independent polity.

A conclusive answer will usually require us to perceive Cyprus company law as a comprehensive system for the governance of business relations; to be aware of the realities of corporate practice; to discuss the policies underlying or purportedly served by the norms in place and to consider if something should be fixed, and how. Quite often (as indeed in this article), the statutory legal provisions are enough to convey the basics as to a company's legal regime. There is an underlying policy in this statute, with its copious appendices implying or dictating terms into a company's statute: entrepreneurs and stakeholders are supposed to able to understand by themselves the basics of how their business association operates. And third parties are supposed to able to ascertain with relative ease and comfortable certainty whether they are transacting with a reliable – and bound – counterparty.

Separate does not mean insular, however. Successful mixed legal systems bask in their continuous relation with, and influences from, maternal legal traditions and may aspire to reciprocate by offering example of unique, successful takes of longstanding legal institutions. They draw connections between different traditions and languages and do not invoke their unique character as an excuse for insularity, and for treating their legal transplants as institutions that appeared *ex nihilo*. In the heat of a legal dispute, a practitioner will use any possible argument in his or her disposal. But scholars and policy makers are supposed to have higher aspirations.

The Continental influences in Cyprus law should thus encourage us to think precisely in systematic, policy terms and to embrace the unity of language. When it comes to company law, for example, it is a blessing that we can use a living, globally successful legal regime to organize business activity. Narrow-minded, pseudo-literal interpretation of terms goes against both legal traditions and the spirit of the legislation itself. It is also a disservice to the international reputation of Cyprus corporate practice. And we must eschew clueless, and suspect, translations of terms. We should embrace the complexity and richness of our Greek language, including the Greek *legal* language, but good intentions are not enough for a good translation, let alone for conveying the spirit of terms and concepts.

18. Article 2 of the Companies (Amending) Law 2000 (L. 151(I)/2000).
19. s. 40(1) of the Companies Act 2006.
20. See especially Hatzimihail, "Cyprus as a Mixed Legal System". The ideas of the article have been further developed notably in Nikitas Hatzimihail, "Reconstructing Mixity: Sources of Law and Legal Method in Cyprus" in Vernon Palmer κ.ά. (επιμ.), *Mixed Legal Systems, East and West* (Ashgate, 2015), 75-100 and Nikitas Hatzimihail, "On Law, Legal Elites and the Legal Profession in a (Biggish) Small State: Cyprus" in Petra Butler & Catherine Morrris (επιμ.), *Small States in a Legal World* (Springer, 2017), 213-244. Symeon S. Symeonides, "The Mixed Legal System of the Republic of Cyprus," *Tulane Law Review* 78 (2003): 441-456 has been the first to call Cyprus a mixed jurisdiction.
21. See also Hatzimihail, "Law, Legal Elites and the Legal Profession," 227-229.
22. As I have written in another context: "This dominance of English law is explained by its plasticity, adaptability and aptitude for commercial transactions; the symbolic capital invested in English law and legal education by the legal elites, pre- and post-independence; and the fact that there were simply no strong motivation or expertise to alter a legal regime working satisfactorily." Nikitas Hatzimihail, Nikitas Hatzimihail, "Brexit - the view from Cyprus" *Zeitschrift für das Privatrecht der Europäischen Union* 14 (2017): 209.



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