General Meetings under Cyprus Law – An Overview

General Meetings
A public and/or private limited company is obliged as per the Companies Law Cap 113 to hold General Meetings for the resolution of important decisions. This article will focus on the different types of general meetings prescribed by law, subsidiary legislation and the Memorandum and Articles of the Company.

The members of a company adopt decisions collectively by resolution at general meetings of the company. The meetings must be duly convened and notice must be given in accordance with the law. The proper procedure must be followed at meetings and resolutions should be adopted by majority as prescribed by the law or the articles of the company. Furthermore, resolutions must be recorded in minutes and, in particular, resolutions must be communicated to the Registrar of Companies within a specific timeframe. The Companies Law prescribes the basic framework for holding meetings; more detailed rules are usually prescribed in the articles of each company.

Every company, other than a private company, has an obligation to hold the first statutory annual general meeting of the company within a period of not less than one month and not more than three months from the date at which the company is entitled to commence business.

At the statutory general meeting, the members of the company who are present may discuss any matter that arises with regards to the incorporation of the company or that arises from the statutory report, whether or not notice has been given. However, they cannot adopt any resolution unless the necessary notice required by the articles has been given.

At least 13 days prior to the day of holding the statutory general meeting, the directors of the company must deliver the statutory report to every member of the company. This statutory report must include, inter alia, details with respect to the total number of shares of the company that have been allotted, the total amount of cash received by the company in respect of all of its shares, and the particulars of the directors, auditors and secretary of the company.

In practice, the holding of statutory general meetings is usually avoided upon registration of the company as a private company and consequently upon its transformation to a public company.

More often we encounter the Annual General meeting, which every company must hold every year irrespective of any other general meetings.

The first annual general meeting must be held within 18 months of the incorporation of the company.

After the first annual meeting, subsequent annual general meetings must be held every year and not more than fifteen months shall elapse between the date of one annual general meeting of a company and that of the next. Failure to comply with this obligation consists of a criminal offense.

If default is made in holding an annual general meeting within the prescribed timeframe, the Registrar of Companies has the power, on request of any member of the company, to direct the calling of the meeting.

The Law does not prescribe the business to be conducted at annual general meetings but usually the following business is conducted at annual general meetings:
- Inspection of accounts, balance sheet, director’s reports and the reports of the auditors of
  the company,
- Election of directors in the place of those departing,
- Appointment of the auditors of the company and determination of their remuneration,
- Declaration of dividends.

In accordance with Table A, all business that is transacted at an extraordinary general meeting
and all business transacted at an annual general meeting is deemed special.

If default is made in holding an annual general meeting, the Registrar of Companies may, on request
by any member of the company, direct the calling of a general meeting of the company and give
such ancillary or consequential directions as he thinks expedient, including directions modifying or
supplementing, in relation to the calling, holding and conducting of the meeting, the operation
of the company’s articles. This power is seldom exercised.

The directions that may be given include a direction that one member of the company present in
person or by proxy shall be deemed to constitute a meeting.

A general meeting held in pursuance of the directions of the Registrar is deemed to be an annual
general meeting of the company. However, where a meeting so held is not held in the year in which
the default in holding the company’s annual general meeting occurred, the meeting so held shall not
be treated as the annual general meeting for the year in which it is held unless the company resolves
at that meeting that it shall be so treated.

Failure to convene an annual general meeting as well as failure to comply with the relevant
directions of the Registrar constitutes a criminal offense.

General meetings other than the statutory and the annual meeting are called extraordinary general
meetings. The articles of the company usually set out that the directors of the company may
convene an extraordinary general meeting whenever they think fit and are subject to an obligation
to convene such a meeting whenever a specific majority of members so requests.

Notice for convening a meeting
For every general meeting, timely notice must be given:

Annual general meeting: Notice of at least 21 days.
Extraordinary general meeting: Notice of at least 14 days.
General meeting where a special resolution will be proposed: Notice of at least 21 days.

Any provision of a company’s articles shall be void in so far as it provides for the calling of a meeting
of the company by a shorter notice.

The aforementioned deadlines may be avoided if shorter notice is agreed as follows: (a) for annual
general meetings, where all members entitled to attend and vote so agree and (b) in the case of any
other meeting at least 95% of those members so agree.

The contents of the notice must be in accordance with the articles of the company and will usually
include the place, date and time of the meeting as well as the nature thereof. In addition, the
contents of the notice must be sufficiently clear and precise so that a member receiving the notice is able to decide whether it is in his interest to attend and to vote or not.

The Law also provides that special notice must be given to the company for certain resolutions, e.g. for removal of directors in accordance with section 178 of the Law. In such cases, special notice must be given to the company of at least 28 days of the motion to propose a particular resolution. The company must then give its members the notice in the same manner as it gives notice of the meeting.

Other issues should also be taken into consideration such as the procedure followed during the Annual general meeting, which includes inter alia, single member companies, chairman, proxies and most importantly the exercise of voting rights.

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