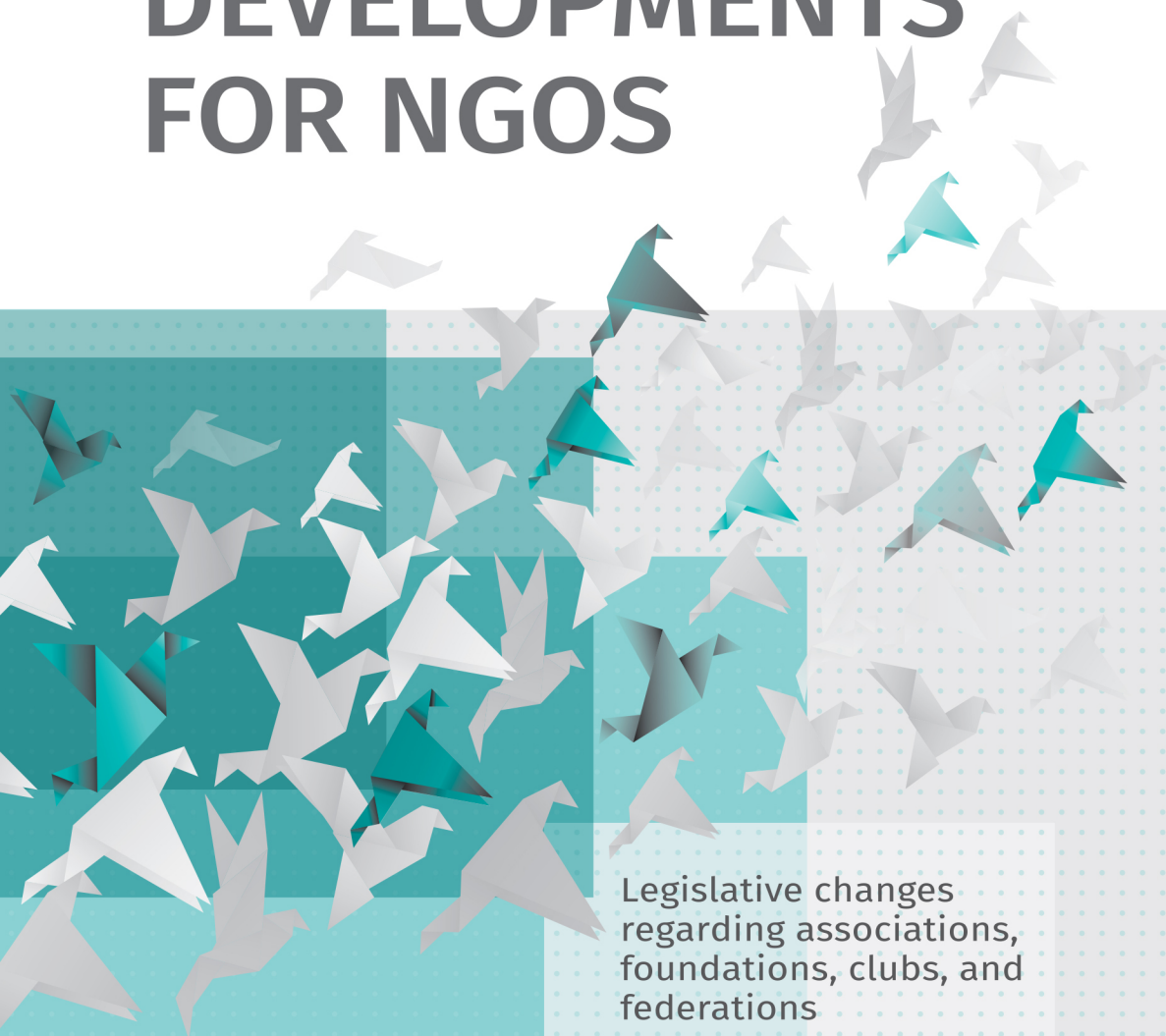


GUIDE

DEVELOPMENTS FOR NGOS



Legislative changes
regarding associations,
foundations, clubs, and
federations



CIVIL SOCIETY
ADVOCATES

Ομάδα
Πρωτοβουλίας ΜΚΟ

GUIDE DEVELOPMENTS FOR NGOS

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associations, foundations, clubs,
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CIVIL SOCIETY
ADVOCATES

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The Cyprus NGO Initiative was established in 2007 as an informal group of nine non-governmental organisations with common concerns about the reform of the legislation regarding NGOs in Cyprus. Its aim is the adoption of a revised legislative framework that supports and aids participation in public life.

Cyprus NGO Initiative is supported by the following organisations: Laona Foundation, NGO Support Centre, Cyprus Conservation Foundation (Terra Cypria), BirdLife Cyprus, PeacePlayers-Cyprus, INDEX Research and Dialogue, Association for the Development of Life Skills, Politeia, and Cyprus Family Planning Association.

Civil Society Advocates is a foundation that advocates for the clear and transparent treatment of civil society by addressing institutional and operational issues that pose obstacles to its activity, while also working to empower individual organisations.

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Introduction

The long-overdue revision of the legislative framework for the civil society in Cyprus is finally a fact. The voting of the new Law, 'About associations and foundations and other related issues Law of 2017, L. 104(I)/2017'—hereinafter referred to as "the Law"—by the Parliament in June 2017, gives new impetus to organisations. Although the legislative framework per se is not sufficient to empower the civil society, a new law, in line with modern requirements and European norms, protects organisations and helps them achieve their goals.

This new legislative framework brings several changes to the everyday life of organisations; recognising how important it is for NGOs to be properly informed about these developments, we decided to put together this guide. Our aim is to inform all those who are involved or want to be involved with organisations, by providing easy access to the information relating to the administrative requirements for registration and/or operation of their organisations, and to the measures necessary for them to achieve compliance with the provisions of the new Law.

We would like to clarify that the terms 'non-governmental organisation' (hereinafter NGO) and 'organised civil society'¹, are used here to describe organisations that are founded on a voluntary basis, that are not-for-profit, and whose purpose is to serve the public good. The Cypriot legislative framework does not include the terms NGO or organised civil society, but it does recognise the following five legal personalities:

1. Associations
2. Foundations
3. Federations and/or unions of organisations
4. Organisations that are registered abroad and are active in Cyprus
5. Not-for-profit companies

The Law presented in this guide relates to the first four (4) of these legal personalities; for the purposes of this guide, we will refer to these by the term 'organisations'. It is important to stress that nothing changes as far as not-for-profit companies are concerned, as these are subject to a different law.

We would also like to clarify that the Law does not refer to informal groups of citizens, which can operate outside the framework of this Law. The term 'informal groups

1. The authors summarise the necessary steps to take in order to develop Organised Civil Society in Cyprus in the Policy paper titled 'Civil Society in Cyprus: Building for the Future'. Available at [http:// www.ngoinitiativecyprus.org/en/feature/policy-paper-on-the-empowerment-of-civil-society-in-cyprus](http://www.ngoinitiativecyprus.org/en/feature/policy-paper-on-the-empowerment-of-civil-society-in-cyprus)

of citizens' refers to groups that are formed in order to serve the social needs of a wider social group. The word 'informal' essentially means that these groups do not have a legal personality and that they are composed of natural persons. Thus, these groups do not have a legal status.

In this guide, we will deal with the Law that unifies, amends, and repeals the legislation on associations, foundations, and clubs. We would first like to point out that this Law abolishes clubs as a possible legal entity. Any clubs, therefore, that wish to continue to operate as NGOs, will now need to register anew as one of the five aforementioned legal personalities recognised in Cyprus.

The new Law introduces two new types of legal personalities: a) federations and/or unions of organisations, and b) organisations that are registered abroad but wish to operate in Cyprus.

Part A of this guide covers the main changes brought about by the new Law. Part B presents a step-by-step explanation of what existing associations or foundations need to do in order to achieve compliance with the Law, and of the procedures necessary in order to register a new association, foundation, federation and/or union of organisations, or an organisation registered abroad. It also includes instructions on what clubs should do in order to remain in operation. Part C provides suggestions on useful provisions that organisations can include in their Articles of Association. Part D provides a sample of the minimum content for Articles of Association. Part E outlines the annual obligations of an organisation, and finally, Part F includes the Law as published in the Official Gazette in July 2017.

Finally, please note that since the publication of the Law, we have identified a couple of errors and omissions in the Law, and we have become aware of a number of implementation and interpretation issues, while the regulations have still not been adopted. All of these matters need to be addressed by the State without delay. Civil Society Advocates will continue to call upon the authorities to address all these issues.

We hope that this guide will help organisations navigate this new era of organised civil society in Cyprus. We hope you enjoy reading it and wish you every success with your work.

Eleni Karaoli, Claire Papazoglou, Maria Tsiarta, and Marina Vasilara
Nicosia, April 2018

Part A

1. Basic changes and new regulations

1.1 Useful definitions

What is an association?

According to the new Law, "Association" refers to an organised union comprising at least twenty (20) persons, that aims to achieve a not-for-profit objective and does not include political parties or trade unions.'

What is defined as 'not-for-profit'?

The Law introduces, for the very first time, the definition of a not-for-profit organisation, according to which 'non-profit' in relation to an association or foundation means *'an association or foundation, that does not distribute any profits that may arise from its activities to its members, its founders, its Board of Directors, or its officials, but invests or uses those profits toward the continuation and achievement of its objectives.'*

This means that it is not forbidden

for organisations to have a surplus, but any surplus should be invested directly toward their goals and cannot be distributed.

What is a foundation?

According to the new Law, *"Foundation" refers to the totality of the property intended to serve the implementation of a particular not-for-profit objective; for the purposes of the foundation's establishment, the dedicated property cannot amount to less than one thousand euros (€1,000)'. The Law also refers to the objectives for which a foundation can be established and which must constitute its main objectives (Article 26(3)).*

1.2 Repeal of other laws and scope of compliance

With the entry into force of the new Law, the Associations and Foundations Law of 1972 to 1997 and the Registration of Clubs Act (Chapter 112) are repealed (Article 54(1)).

Licenses of associations and foundations that have already been approved continue to be valid.

The Registration of Clubs Act (Chapter 112) is repealed (Article 54(1)) from the date of entry into force of the new Law (14/7/2017); existing and valid club licenses will remain valid until their expiration date

Associations and foundations must ensure that their Articles of Association meet the requirements of the new Law (if they do not, then they must carry out the necessary adjustments and amendments) and notify the Registrar of their compliance (Article 55(3)) **within one (1) year from the date of entry into force of the new Law, i.e., 14 July 2017.**

Specifically regarding clubs

The Registration of Clubs Act (Chapter 112) is repealed (Article 54(1)) from the date of entry into force of the new Law, i.e., 14 July 2017; existing and valid club licenses will remain valid until their expected expiration date, and will no longer be renewed under the Clubs Act (Article 54(1)). All organisations that are currently registered as clubs have a period of one (1) year to carry out the administrative procedures necessary for the adoption of a new legal personality (association, foundation, not-for-profit company, or other), to make all necessary statutory changes, and to notify the Registrar of the changes made.

1.3 Establishment of subsidiaries or branches

The new Law provides for the possibility of establishing subsidiaries or local branches of associations or foundations, provided that the Articles of Association of the parent organisation contain a provision describing the modus operandi of the branches. The Articles of Association of the parent organisation should state that subsidiaries or branches do not

have their own legal personality and abide by the Articles of Association and the policies of the parent organisation (Article 45).

1.4 Registration of federations and/or unions of organisations

Recognising the need for federations and/or unions of organisations to acquire a legal status, the new Law provides for the registration of federations and/or unions of organisations and describes the terms and conditions of their registration (Article 44).

1.5 Registrar of associations and foundations and General Registrar

A new general arrangement that affects all organisations, rules that the Registrar is no longer the Director General of the Ministry of Interior, but is now the District Officer, hereinafter referred to as "the Registrar". The Registrar is responsible for the registration and operation of associations, foundations, federations and/or unions of organisations, and branches that have their headquarters in the Registrar's district. Additionally, the new position of **General Registrar** is instituted and is occupied by the Permanent Secretary of the Ministry of Interior.

Furthermore, the Law introduces the right of hierarchical appeals against a decision of the Registrar or the General Registrar (described in detail in Article 47 of the Law).

1.6 Time limit for the examination of applications, right of appeal, and establishment of a Registry

Another development regards the introduction of a time limit for the processing of applications. The Registrar is expected to examine and approve an application for registration of a new association, foundation, or federation within three (3) months from the filing of the relevant documents (Articles 7(4), 26(4)). If the Registrar rejects a request for registration, they must justify their decision and inform the applicants of the legal remedies available to them (Article 6 on rejection and Article 7(7) on justification of rejection), i.e., the right of hierarchical appeals to the General Registrar and the right to appeal to the Administrative Court.

In addition, the new legislation provides that the dissolution and/or deletion of an association or foundation will be recorded in the Registry (Articles 7(1) and 26(1)).

1.7 Provisions for the good governance and transparency of Boards of Directors (prohibition of employment, criminal offences and conflict of interest)

The Law includes a number of provisions aiming to ensure the

transparency and good governance of organisations. The provisions listed here apply to the *modus operandi* of all organisations (associations, foundations, and federations and/or unions of organisations). The provisions concerning associations are also valid for federations and/or unions of organisations.

Firstly, the Law states that the members of the Board of Directors cannot be permanent employees of the organisation. In particular, Articles 8(e) and 26(2) provide that no remuneration of any kind shall be paid to members of the Board of Directors of an association or foundation, or federation and/or union of organisations for any services rendered. However, if they so wish, members of the Board of Directors may claim the reimbursement of reasonable expenses incurred during the implementation of their duties, and may participate and receive payment from research projects or other projects funded or co-funded by third parties, **provided that a relevant provision is included in their Articles of Association**. Therefore, a person can have the status either of a member of the Board of Directors or of an employee of the organisation, but not both.

The Law also contains provisions regarding the replacement of a member of the Board of Directors of an association or a foundation. In particular, Articles 16(2) and 32(2) provide for the **replacement** of a

Within 7 months from the end of the financial year, all organisations must submit their accounts to the Registrar

member of the Board of Directors in case that member has been convicted for a criminal offence involving lack of integrity or moral obscenity. If the organisation itself does not proceed to replace the person in question, then the Registrar may do so, either on their own initiative or following a complaint.

Another important provision regarding the operational transparency of the Boards of Directors of associations or foundations, or federations and/or unions of organisations is the exclusion of a member of the Board of Directors from procedures in cases of impediment (conflict of interest). Specific references are contained in Articles 17(1), 21(3) and 33(1).

The reference to Article 17(1) reads as follows: *'A member of the Board of Directors shall not partake in a discussion or in a vote where the decision*

to be taken relates to or affects a legal transaction or the filing or cancelling of a lawsuit between the association and that member or their spouse or a blood relative or relative by matrimony up to the third degree, or if it relates to a legal transaction between the association and a company, personal or capital, in which or in the Board of which that member or their spouse, or a blood relative or relative by matrimony up to the third degree participates'.

If a decision is taken against these provisions, then such a decision may be declared void.

1.8 Annual obligations for mandatory notifications to the Registrar

Administrative matters

From now on, **associations, federations, and/or unions of organisations** (not foundations) must annually notify the Registrar on administrative matters and must therefore keep records and minutes.

According to Article 10, within the first three (3) months of the year, organisations are required to notify the Registrar of any changes regarding their postal address and the members of the Board of Directors. Furthermore, they must confirm the convergence of the Annual General Meeting.

A very important provision is added to the Law for the first time in Article 10(3), which provides that non-compliance with the obligation to notify the

Registrar of the above matters, allows the Registrar to put in motion the process of dissolution of the organisation, in compliance with the provisions of the Law.

Financial matters

The members of the Board of Directors of an association, foundation, federation, and/or union of organisations are required to keep accurate and detailed accounting books recording all movements of funds, and to compile, for each financial year, the following:

- a. a gross income account
- b. a credit balance account and an account of all the amounts received during the year
- c. an account of all the amounts due and an account of all the payments made during the year

Within seven (7) months from the end of the financial year, the members of the Board of Directors of the organisation are required to submit the aforementioned accounts to the Registrar (Article 49(3)). If an organisation's **income is higher than forty thousand euros (€40,000)**, then it is also necessary to submit a report from a certified accountant (Article 49 (2&3)).

In addition, the new legislation introduces a provision entitling the Registrar, or any person that can establish a legitimate interest, to request an Ordinance from the Court granting them permission to audit the

accounts of an organisation, either by the Auditor General or by another person appointed by the Court. In order to avoid malicious complaints and the excessive exercise of this right, the Law states that in case the result of the audit proves that the request was justified, then the auditing costs will be borne by the State, otherwise the costs will be paid by the organisation (Article 50).

1.9 Non-transferable membership status

Another important change introduced by the new Law is the abolition of the possibility for members of an association to participate in its various bodies (Annual General Meeting, Board of Directors, etc.) through a representative (Article 15).

As a result, associations whose Articles of Association contain provisions allowing the participation of members, through a representative, in electoral or voting procedures in the General Meeting or in the Board of Directors, have to amend or abolish such provisions.

1.10 General matters

The various provisions of the Law (i.e., Articles 46-56) apply to associations, foundations, federations, and/or unions of organisations. Failure by the Board of Directors to share administrative and financial

information with the Registrar, where this is expressly required by the Law, may lead to the organisation's **removal** from the Registry, and constitutes a violation of duty punishable by a fine not exceeding one hundred euros (€100) (Article 48(1)).

In April 2018, District offices were also requiring the submission of Certificates of Criminal Record for all founding members of organisations. NGO Initiative Cyprus and Civil Society Advocates are opposed to this measure as it is beyond what the Law states (specifically, the Law states '*May require*'); at the moment, however, submission of such certificates is required. The certificates may be issued at the Central Police Directorate in each District and cost twenty euros (€20).

Part B

2. Step by step:

What should an organisation do?

2.1 Existing organisations

2.1.1 What should an existing association do?

- Keep a Registry of members recording the following information:
 - a. member's name
 - b. date of application for membership
 - c. date when application was approved (if that is required by the Articles of Association)
 - d. record of membership payments
 - e. date when member was expelled (Articles 7(6) and 10)

Please note that it is important to abide by procedures for expelling members from the Registry, as the number of registered members affects the number of members required to reach quorum in General or Statutory Meetings.

- Organise a General Meeting **at least once a year** (Article 8(f))
- Keep accurate and detailed accounting books recording all movements of funds and, at the end of each financial year, compile the following:
 - a. a gross income account
 - b. a credit balance account and an account of all the amounts received during the year

- c. an account of all the amounts due and an account of all the payments made during the year

- Each year, notify the Registrar of:

A. During the first trimester of the year, i.e., by the end of March of each year (Article 10):

- i. any changes to the postal address of the association
- ii. any changes regarding the members of the Board of Directors, including their titles and contact details
- iii. the exact number of members of the association, including the numbers of new registrations, withdrawals, or expulsions
- iv. the convergence of the Annual General Meeting, including exactly when it was held, the procedure followed, and the number of members present vis-à-vis the total number of members with the right to vote (confirmation of quorum)

B. Within seven (7) months from the end of the financial year:

- i. the accounts as mentioned above
- ii. if the organisation's income is higher than forty thousand euros (€40,000), then it is also necessary to submit a report

from a certified accountant

Non-compliance with the obligations specified in Article 10 for two (2) consecutive years, authorises the Registrar to put in motion the procedure for the dissolution of the association, following the process specified in the Law. Furthermore, according to Article 48, the Registrar may impose an administrative fine of one hundred euros (€100) for the late submission or non submission of the above information.

Assessment of the Articles of Association of an association and Statutory General Meeting

An existing association must ensure that its current Articles of Association include all the obligatory provisions required by the new Law. If they are not included, a Statutory General Meeting must be held **within one year** from the publication of the Law, in order to ensure compliance.

When a **Statutory General Meeting** is held and changes are made to the Articles of Association, these changes must be communicated to the Registrar **within 30 days** of the Statutory General Meeting, with an accompanying letter that includes:

- a. the minutes of the Statutory General Meeting, explaining how quorum was reached (number of members present, vis-à-vis number of members with the right to vote)
- b. the process followed
- c. the changes approved
- d. the new Articles of Association showing the changes which have been approved by the Statutory General Meeting

Please note that only after the Registrar's reply can the changes approved by the Statutory General Meeting come into force (Article 9). The Registrar must ensure that the changes carried out are not in contradiction with the Law.

2.1.2 What should an existing foundation do?

- The Board of Directors should hold the minimum number of annual meetings, as per its Articles of Association
- Keep accurate and detailed accounting books recording all movements of funds, and compile the following at the end of each financial year:
 - a. a gross income account
 - b. a credit balance account and an account of all the amounts received during the year
 - c. an account of all the amounts due and an account of all the payments made during the year
- Foundations must also submit the following to the Registrar, on a **yearly basis**:
 - A. An update* regarding the convergence of the Board of Directors, as per the Articles of Association

2. The Law was published in the Official Gazette on 14 July 2017.

* Inferred from Article 41(2)b.

B. Within **seven (7) months** from the end of the financial year:

- i. the accounts as mentioned above
- ii. if the organisation's income is higher than forty thousand euros (€40,000), then it must also submit a report from a certified accountant

If the above are not submitted for more than two (2) years, then the Court may decide the dissolution of a foundation due to inactivity.

Assessment of the Founding Act and Articles of Association of a foundation

An existing foundation must ensure that its Founding Act and its Articles of Association include all the obligatory provisions required by the new Law. If not, it must carry out the necessary amendments to both its Articles of Association and its Founding Act **within one year** from the publication of the Law, following the provisions for such amendments as stated in its Articles of Association, and must subsequently submit the amended Founding Act and Articles of Association to the Court, and then to the Registrar.

2.2 Registration or establishment of a new organisation

2.2.1 How to register a new association

- Obtain the application forms that are required by the current regulations,

from the Ministry of Interior, the District Office you are based in, or the Ministry of Interior's website

- Obtain the names and signatures of at least **twenty (20)** founding members
- Appoint/vote the Board of Directors, which should consist of at least **five (5)** founding members
- Compose your Articles of Association, which should include, as a minimum, what the Law requires (Article 8), i.e. the following:

- i. scope, name, and headquarters
- ii. postal/contact address
- iii. terms of admission, withdrawal, and expulsion of members
- iv. rights and obligations of members
- v. financial resources
- vi. manner of In-Court and Out-of-Court representation
- vii. administrative bodies, election process, length of term of office, frequency of meetings, conditions for the operation or cessation of the administrative bodies
- viii. provision stating that no remuneration of any kind will be given to any founding member or member of the Board of Directors for their services
- ix. terms and conditions for the convergence of General Meetings, manner of decision-making, and obligation to hold a General Meeting at least once per year

3. The Law was published in the Official Gazette on 14 July 2017.

4. Until the approval of the new regulations by the Ministerial Council, the old application forms are still valid.

- x. terms for amending the Articles of Association
 - xi. method of auditing the accounts of the association, respecting the principle of transparency
 - xii. terms for dissolution or merger, and details on how any property will be dealt with (Articles 22 & 24)
 - xiii. Logo, if there is one
- Organise the Founding Statutory General Meeting for the approval of the Articles of Association and the election of members to the Board of Directors
- You can find additional information regarding elements and provisions that may be included in the Articles of Association in Part C.
- Submission of documents to the Registrar and other necessary actions (for associations):**
- a. fill in and submit the relevant application form, signed by the founding members/members of the Board of Directors, for inclusion in the Registry of Associations
 - b. submit the Founding Act signed by at least twenty (20) people
 - c. submit the names, addresses, and contact details of all members of the Board of Directors
 - d. submit the Articles of Association, dated and signed by the founding members
 - e. submit the logo, if there is one
 - f. submit a description of the mobile/immovable property (if it exists)
 - g. provide a postal address
 - h. pay the fee
 - i. in April 2018, District offices were also requiring the submission of Certificates of Criminal Record for all founding members of organisations. NGO Initiative Cyprus and Civil Society Advocates are opposed to this measure as it is beyond what the Law states (specifically, the Law states '*May require*'); at the moment, however, submission of such certificates is required. The certificates may be issued at the Central Police Directorate in each District and cost **twenty euros (€20)**
- Once your application is approved, the name of the association will be published in the Official Gazette of the Republic and will be included in the Registry of Associations compiled by the Registrar. The association will receive a Certificate of Registration.
- 2.2.2 How to register a new foundation**
- The main requirement for the establishment of a foundation is the *Founding Act*. The Founding Act may be produced either through a legal act of donation—when the property owner (the founder) is alive—or through a legal document detailing the founder's future wish, such as a will. Through the Founding Act, the founder transfers the dedicated funds or property to the foundation,

thus ensuring its operation and the implementation of its objectives.

- **Obtain the application forms** that are required by the current regulations from the Ministry of Interior, the District office you are based in, or the Ministry of Interior's website
- Prepare and sign all the relevant documents
- **Prepare the Founding Act**, which should include, as a minimum, the following details (Article 26(2)):
 - i. scope, name, and headquarters
 - ii. postal/contact address
 - iii. the logo, if there is one
 - iv. the dedicated property, which should amount to at least one thousand euros (€1,000)
 - v. the names, addresses, and contact details of at least three (3) members of the Board of Directors
 - vi. the manner of succession of the members of the Board of Directors
 - vii. the Articles of Association
- Prepare the **Articles of Association**, which should include, as a minimum, the following details (as per Article 26(2)):
 - i. the scope of the foundation as stated in the Founding Act (even though this is not required by the Law)
 - ii. the *modus operandi* of the foundation's Board of Directors, including the minimum number,

manner of appointment, and terms of reference of its members, the manner of achieving the necessary quorum for meetings—regular meetings and/or meetings for amending the Founding Act or the Articles of Association—and the minimum number of annual meetings

- iii. the names, addresses, and contact details of **at least three (3)** members of the Board of Directors
- iv. the manner of succession of the Board of Directors' members
- v. a provision specifying that no remuneration of any kind will be given to any founding member or member of the Board of Directors for their services

Submission of documents to the Registrar and other necessary actions (for foundations):

- 1) the application form as specified in Article 26(2)
- 2) the Founding Act
- 3) the dated and signed Articles of Association
- 4) in April 2018, District offices were also requiring the submission of Certificates of Criminal Record for all founding members of organisations. NGO Initiative Cyprus and Civil Society Advocates are opposed to this measure as it is beyond what the Law states (specifically, the Law states '*May require*'); at the

moment, however, submission of such certificates is required. The certificates may be issued at the Central Police Directorate in each District and cost twenty euros (€20)

5) Payment of the fee

Once your application is approved, the name of the foundation will be published in the Official Gazette of the Republic and will be included in the Registry of Foundations compiled by the Registrar. The foundation will receive a Certificate of Registration.

You can find additional information regarding elements and provisions that may be included in the Articles of Association in Part C.

2.2.3 How to register a new federation and/or union of organisations

The procedure for registering a federation and/or union of organisations is essentially the same procedure necessary for registering an association.

The main procedural difference relates to the fact that in order to register a new federation and/or union of organisations: ***'Three (3) or more associations, foundations, not-for-profit companies, or other relevant not-for-profit legal entities, either based locally or abroad, [...] may found a federation or union, [...]'*** (Article 44).

Therefore:

- **Obtain the application forms** that are required by the new Law regulations (there is no such provision in the existing regulations) from the Ministry of Interior, the District Office you are based in or the Ministry of Interior's website
- Obtain the names and signatures of **at least three (3)** founding members
- Appoint/vote a Board of Directors comprising **at least three (3)** members
- Compose your Articles of Association, which should include, as a minimum, what is referred to in the Law (Article 44(3)), i.e.,
 - i. scope, name, and headquarters
 - ii. postal/contact address
 - iii. terms of admission, withdrawal, and expulsion of members
 - iv. rights and obligations of members
 - v. financial resources
 - vi. manner of In-Court and Out-of-Court representation
 - vii. administrative bodies, election process, length of term of office, frequency of meetings, conditions for the operation or cessation of the administrative bodies
 - viii. provision that no remuneration of any kind will be given to any founding member or member of the Board of Directors for their services

- ix. conditions for the convergence of the General Meeting, manner of decision-making, and obligation to hold one at least once per year
 - x. terms for amending the Articles of Association
 - xi. method of auditing the accounts of the federation
 - xii. terms for dissolution and details on what will happen to any property
 - xiii. logo, if there is one
 - Organise the Founding Statutory General Meeting for the approval of the Articles of Association and the election of members to the Board of Directors
- You can find additional information regarding elements and provisions that may be included in the Articles of Association in Part C.
- Submission of documents to the Registrar and other necessary actions:**
- a. the Founding Act, signed by at least three (3) founding members
 - b. the Articles of Association of the proposed federation and/or union of organisations, dated and signed by the founding members
 - c. the names, addresses, and contact details of the Board of Directors' members
 - d. certified copies of the Articles of Association of the founding member organisations
 - e. logo of the federation and/or union, if there is one
 - f. description of the mobile and/or immobile property that belongs to the federation and/or union of organisations at the time of the application, and any property that will be transferred to it after its foundation (if applicable)
 - g. pay the fee (the fees for the registration of federations and/or unions of organisations will be established by the new regulations)
 - h. in April 2018, District offices were also requiring the submission of Certificates of Criminal Record for all founding members of organisations. NGO Initiative Cyprus and Civil Society Advocates are opposed to this measure as it is beyond what the Law states (specifically, the Law states '*May require*'); at the moment, however, submission of such certificates is required. The certificates may be issued at the Central Police Directorate in each District and cost twenty euros (€20). In the case of legal personalities, i.e., organisations, the Criminal Record Certificate is submitted by the legal representative of the organisation (Article 6(1))
- Once your application is approved, the name of the federation and/or union will be published in the Official Gazette of the Republic and will be included in the Registry of Federations and/or Unions of organisations compiled by the Registrar. The federation and/or

union of organisations will receive a Certificate of Registration.

You can find additional information regarding elements and provisions that may be included in the Articles of Association in Part C.

After its registration, a federation and/or union of organisations must keep records regarding its members similar to the ones required in the case of an association, i.e.,

- Keep a Registry of members, in which to record the following information:
 - a. member's name
 - b. date of application for membership
 - c. date when application was approved (if that is required by the Articles of Association)
 - d. membership payments
 - e. date when member was expelled (if applicable) (Articles 7(6) and 10)

Please note that it is important to abide by procedures for the expulsion of members from the Registry of members, as the number of registered members affects the number of members required to reach quorum in General and/or Constitutional Meetings.

- Organise a General Meeting **at least once a year** (Article 44(3)(h))
- Keep accurate and detailed accounting books recording all movements of funds, and compile

the following at the end of each financial year:

- a. gross income account
- b. a credit balance account and an account of all the amounts received during the year
- c. an account of all the amounts due and an account of all the payments made during the year
- On a yearly basis, submit the following to the Registrar:
 - A. **during the first trimester** of the year, i.e., by the end of March of each year (Article 10):
 - i. **any changes** to the postal address of the federation and/or union
 - ii. **any changes** regarding the members of the Board of Directors, including their titles and contact details
 - iii. **the exact number of members** of the federation and/or union, including the numbers of new registrations, withdrawals, and expulsions of members
 - iv. confirmation of the organisation of the Annual General Meeting, informing the Registrar about the exact time when the meeting was held, the procedure followed, and the number of members present vis-à-vis the total number of members with the right to vote (confirmation of quorum)

B. Within seven (7) months from the

end of the financial year:

- i. the accounts as mentioned above
- ii. if the organisation has an income higher than forty thousand euros (€40,000), then then it must also submit a report from a certified accountant

Non-compliance with the obligations specified in Article 10 for two (2) consecutive years authorises the Registrar to start the procedure of dissolution of the federation and/or union of organisations, following the process specified in the Law. Furthermore, according to Article 48, the Registrar may impose an administrative fine of one hundred euros (€100) for the late submission or for the non-submission of the above information.

2.2.4. What should an organisation that is registered abroad and wants to operate in Cyprus do?

The Law allows organisations that are registered abroad and wish to operate in Cyprus to also register in Cyprus. However, the Law states that details regarding the procedures necessary for their registration will be specified in a new set of regulations, which will be announced in a future moment (Article 46).

At the time of going to print, such regulations had not yet been announced.

2.2.5 How to set up a subsidiary or branch of an existing association or foundation registered in Cyprus

The new Law allows for the foundation and operation of subsidiaries or branches of registered associations, foundations, and federations and/or unions of organisations, as long as a relevant provision is included in the organisation's Articles of Association. The provision must state the address and the *modus operandi* of the subsidiary or branch.

Subsidiaries and branches are bound by the Articles of Association of their parent organisation, which should include a provision stating that all members of the subsidiaries or branches will participate, on an equal footing, in all types of General Meetings of the association and in the meetings of the Board of Directors, and that they will be contributing to the definition of the organisational policies.

According to Article 49 of the Law, the annual accounts submitted by the parent organisation should also include a report on the activities of any subsidiaries or branches.

2.3 What should clubs do?

Several organisations in Cyprus are registered according to the outdated Clubs Law (Chapter 112), which dates back to the British colonial rule in Cyprus. 'Club' was one of the legal forms that citizens with common interests

could use in order to register and operate.

With the new Law, the Clubs Law has been repealed. This creates a void in relation to the legal status of clubs already registered, since the repealed law foresaw that a club had to renew its license each year.

In practice, this means that if clubs want to continue to have a legal personality, **they must change their legal personality by 13/7/2018.**

It is further noted that clubs that had renewed their license by 14/7/2017 (i.e., before the publication of the new Law) can continue to operate legally until 13/7/2018, whereas clubs that had not renewed their license by 14/7/2017 are no longer licensed to operate nor can they obtain a new license.

Therefore, clubs that wish to continue to operate must decide at the soonest which type of legal personality they want to assume, and undertake the necessary actions to do so.

Finally, if they so wish, clubs registered under the repealed Clubs Law, can maintain the term 'club' in their name, regardless of the legal personality they choose to assume, provided that they will otherwise implement the provisions of the new Law (Article 56(2)).

3. Recommendations for useful provisions to include in the Articles of Association

For purposes of clarity, in addition to the minimum requirements of the Law mentioned above and in Articles 8, 26, and 27, and depending on the form of the organisation in question, we suggest that the Articles of Association also include provisions for the following matters (applicable to all types of organisations):

- a) A provision stating that the members of the Board of Directors may claim the reimbursement of **reasonable expenses** incurred during the implementation of their duties
- b) A provision stating that the members of the Board of Directors may participate and receive payment or claim a fee for projects that are funded or co-funded by third parties (Articles 8 and 27)
- c) A provision defining the process of replacement of a member of the Board of Directors, in the event in which that member is convicted of a criminal offence involving lack of integrity or moral obsenity. This provision should state that in the case of such a conviction, the Board of Directors is entitled to initiate procedures for the replacement of that member. Additionally, a provision should be included, stating that in case a member is convicted of such offences, they cease to be a member of the Board of Directors. If the organisation does not replace the member in question, then the Law empowers the Registrar to order that member's replacement on the Board of Directors (Articles 16(2) and 32(2))
- d) A provision defining the procedures for the exclusion of members of the Board of Directors from the process of discussion and voting in the event of an impediment or of a conflict of interest (Articles 17(1) and 33(1))

e) A provision clearly defining the procedure and the necessary quorum to amend the organisation's Articles of Association and its objectives and terms of dissolution.

Please note that, **unless otherwise provided in the Articles of Association, the amendment of the Articles of Association, the change of the organisation's objectives, or the dissolution of the organisation** all require the agreement of three quarters (3/4) of all members of the Association (Article 22). This provision is of particular concern to associations with a large number of members, which may find difficulties in securing the required quorum on the basis of the provisions of the Law for convening a General Meeting.

In such difficult cases, the Law provides a way out with Article 22, which states that *'In case it becomes de facto difficult to have three quarters of the members present, the Registrar may give their consent to the association to submit an application to the Court for the issuance of a decree enabling the said association to carry out the decision-making process in the presence of at least two fifths of all its members.'* In such cases, associations may seek the permission of the Court to take the necessary action.

Part D

4. Minimum content of Articles of Association for associations, foundations, federations, and/or unions of organisations

Minimum requirements
for associations,
federations, and/or
unions of organisations

- Scope, name, and headquarters
- Postal/contact address
- Terms of admission, withdrawal, and expulsion of members
- Rights and obligations of members
- Financial resources
- Manner of In-Court and Out-of-Court representation
- Administrative bodies, election process, length of term of office, frequency of meetings, conditions for the operation or cessation of the administrative bodies
- Conditions for the convergence of a General Meeting
- Terms for amending the Articles of Association
- Method of auditing the accounts of the association, respecting the principle of transparency
- Terms of dissolution or merger and details of what will happen to any property
- Logo, if there is one
- A provision stating that no remuneration of any kind will be given to any member of the Board of Directors
- A provision stating that, if they so wish, members of the Board of Directors can claim the reimbursement of reasonable expenses incurred during the implementation of their duties
- A provision stating that, if they so wish, members of the Board of Directors may participate and receive payment from research projects or other projects funded or co-funded by third parties
- A provision stating that if a member of the Board of Directors is convicted of a criminal offence involving lack of integrity or moral obscenity, they will lose their membership on the Board of Directors this provision must also define, in detail, the process for this member's replacement
- A provision explaining the process of exemption of members of the Board of Directors in case of an impediment or of a conflict of interest

- A provision explaining the process and necessary quorum for amending the Articles of Association, the scope of the organisation, and the terms of its dissolution.

Founding Act to include (Article 27):

- Scope, name, and headquarters
- The logo, if there is one
- The dedicated fortune (funds and/or property), which should amount to at least one thousand euros (€1,000)
- Postal/contact address
- The names, addresses, and contact details of at least three (3) members of the Board of Directors
- The manner of succession of the Board of Directors members
- The Articles of Association.

Articles of Association to include (Article 26):

- The scope of the foundation
- The modus operandi of the foundation's Board of Directors, including the minimum number, manner of appointment, and terms of reference of its members, the manner of achieving the necessary quorum for meetings—regular meetings and/or meetings for amending the Founding Act or the Articles of Association—and the minimum number of annual meetings
- The names, addresses, and contact details of at least three (3) members of the Board of Directors
- The manner of succession of the Board of Directors' members
- A provision stating that no remuneration of any kind will be given to any member of the Board of Directors
- A provision stating that, if they so wish, members of the Board of Directors may claim the reimbursement of reasonable expenses incurred during the implementation of their duties
- A provision stating that, if they so wish, members of the Board of Directors may participate and receive payment from research projects or other projects funded or co-funded by third parties
- A provision stating that if a member of the Board of Directors is convicted of a criminal offence involving lack of integrity or moral obscenity, they will lose their membership on the Board of Directors this provision must also define, in detail, the process for this member's replacement
- A provision explaining the process of exemption of members of the Board of Directors in case of an impediment or of a conflict of interest

Part E

5. Annual obligations for mandatory notifications to the Registrar

INFORMATION	ASSOCIATIONS	FOUNDATIONS	FEDERATIONS AND/OR UNIONS OF ORGANISATIONS
Annual General Meeting	X		X
Minimum number of Board of Directors' meetings		X	
Member Registry	X		X
Annual notification regarding postal address by 31 March	X		X
Annual notification regarding names, titles, and contact details of Board of Directors' members by 31 March	X		X
Annual notification regarding number of members by 31 March	X		X
Annual notification regarding the convergence of the Annual General Meeting by 31 March	X		X
Annual notification regarding the minimum number of meetings of the Board of Directors by 31 March		X	
Keeping of accurate and detailed accounting books	X	X	X
• Gross income account	X	X	X
• Credit balance account and account of all the amounts received during the year	X	X	X
• Account of all the amounts due and account of all the payments made during the year	X	X	X
Submission of report by certified accountant if annual income is higher than 40,000 euros.	X	X	X
Submission of financial accounts within seven months from the end of the financial year.	X	X	X

Part F

6. Law Amending the Associations and Foundations Laws of 1972 and 1997 and Repealing the Law on Registration of Clubs, Law. 104 (I)/2017

[Disclaimer: This is an unofficial translation meant to help English-speaking organisations become acquainted with the Law. The official text of the Law is in Greek]

CLASSIFICATION OF ARTICLES

1. Short title.

PART I: PRELIMINARY PROVISIONS

2. Interpretation

3. Right to establish and participate in an association or foundation or federation and/or union

4. Unlawful objective or operation of an association or foundation or federation and/or union

5. Legal personality of an association or foundation or federation and/or union, scope thereof and loss of

6. Power to refuse registration

PART II: ASSOCIATIONS

7. Registration of an association

8. Articles of Association of an association

9. Registration of amendments to the Articles of Association

10. Mandatory notifications to the Registrar

11. Note of dissolution of an association in the Registry

12. Admission, resignation, and expulsion of members

13. Equality of members

14. Rights and obligations of resigning members

15. Non-transferable membership

16. Administration of an association.

17. Cases in which a member of the administration is not entitled to vote

18. Duties and powers of the administration and extent of liability of members of the administration

19. Meetings of members of the association and powers thereof

20. Convergence of General Meetings

21. Decisions of General Meetings

22. Amendments to the Articles of Association, decisions on the dissolution of an association, or changes to the objectives of an association

23. Invalidation of decisions taken at the General Meeting or by the administration and suspension of the execution thereof

24. Dissolution of an association

25. Liquidation of a dissolved association

PART III: FOUNDATIONS

26. Incorporation of a foundation

27. Founding Act and contents thereof

28. Amendment to the Articles of Association of a foundation

29. Revocation of the Founding Act

30. Obligations of the founder

31. Donations made to the foundation prior to its incorporation continue to produce the same effect subsequently

32. Administration of foundations

33. Cases in which a member of the administration is not entitled to vote

34. Duties and powers of the administration

35. Trustees

36. Liability of foundations

37. Appointment of provisional administration

38. Special powers of the Registrar General

39. Amendment to the Articles of Association against the will of the founder

40. Change of objectives

41. End of a foundation

42. Liquidation of a dissolved foundation

43. Property of a dissolved foundation

PART IV: FEDERATIONS AND/OR UNIONS AND SUBSIDIARIES OR BRANCHES

44. Incorporation and registration of federations and/or unions

45. Incorporation of subsidiaries or branches

PART V: MISCELLANEOUS PROVISIONS

46. Recognition of the legal activity of an association, foundation, federation and/or union, or non-governmental organisation with a legal personality registered in another state

47. Appeals

48. Consequences of delayed notification, delayed submission or failure to deliver and/or submit notifications

49. Keeping of books and audit of accounts

50. Power of the Court to order the audit of accounts

51. Non-affectance of those controlled by specialized law

52. Compliance with the Prevention and Suppression of Money Laundering Activities Law

53. Regulations

54. Repeals and reservations

55. Transitional provisions

56. Associations, foundations, and clubs approved under the repealed laws

The Law About Associations and Foundations and Other Related Issues of 2017 has been published in the Official Gazette of the Republic of Cyprus in accordance with the Article 52 of the Constitution.

The House of Representatives votes as follows:

- Short title**
1. This Law shall be referred to as the Law About Associations and Foundations and Other Related Issues of 2017.
 2. Unless the context suggests otherwise, in this Law:

PART I: PRELIMINARY PROVISIONS

Interpretation “Registrar General” refers to the Permanent Secretary of the Ministry of Interior, who is responsible, under this Law, for monitoring the implementation of the provisions of the Law and the coordination of the Registrars, so as to ensure the uniformity of interpretation and implementation of the Law.

“Court” refers to the competent District Court within whose jurisdiction the registered office of an association or foundation or federation and/or union is situated.

“Registrar” refers to the District Officer who is responsible, under this Law, for the registration and the operation of associations, foundations and federations and/or unions that have their headquarters in this Officer’s district.

“Foundation” refers to the total property intended to serve for the achievement of a particular not-for-profit purpose; the dedicated property for the incorporation of a foundation cannot amount to less than one thousand euros (€1,000).

“Not-for-profit,” in relation to an association or foundation, refers to an association or foundation that does not distribute any profits that may result from its activities to its members, its founders, its administrators, or its officials, but invests or uses those profits toward the continuation and fulfillment of its objectives.

“Registry” refers to the book kept by the Registrar in which associations, foundations, and federations and/or unions are registered under the provisions of this Law. The Registry must be kept updated in electronic form and part of its information must be uploaded on a relevant website.

“Federation and/or union” refers to the framework of cooperation of three (3) or more associations, foundations,

not-for-profit companies, or other similar not-for-profit legal entities with common objectives.

“Person” refers to a natural or legal person.

“Association” refers to an organised union comprising of at least twenty persons that aims to attain a not-for-profit objective and does not include political parties or trade unions.

“Minister” refers to the Minister of Interior.

Right to establish
and participate
in an association
or foundation or
federation and/or union

3. Subject to the provisions of this Law and, in particular, to Article 4, any person has the right to establish an association or foundation or federation and/or union, and participate therein.

Unlawful objective
or operation of
an association
or foundation or
federation and/or
union.

4.-(1) An association or foundation or federation and/or union that constitutes an unlawful association, as this is defined in Article 63 of the Criminal Code, or whose objectives or operation aim or tend to undermine the Republic, the democratic institutions, the safety of the Republic, the public order, public safety, public health, public morals, the fundamental rights and freedoms of the individual, or the rights of people with disabilities has no legal existence and cannot be registered or, if it is already registered, may be dissolved by an order of the Court ruling the association or foundation or federation and/or union unlawful.

(2) Any person who partakes in the administration of an association or foundation or federation and/or union that has been declared unlawful according to the provisions of clause (1) is guilty of offence and in the case of conviction is liable to imprisonment for a period not exceeding three (3) years or to a financial penalty not exceeding three thousand euros (€3000), or to both such penalties.

Legal personality
of an association
or foundation or
federation and/or
union

5.-(1) An association or foundation or federation and/or union acquires a legal personality upon its entry in the Registry and the issuance of the relevant certificate by the Registrar, in accordance with the provisions of the present Law.

(2) The capacity of an association or foundation or federation

and/or union that has acquired a legal personality does not extend to legal relationships that require the attributes of a natural person, and its legal personality is lost upon its dissolution.

Power to refuse
registration

6.-(1) The Registrar may refuse to register an association or foundation or federation and/or union if its objective or operation is found to be unlawful under the provisions of clause (1) of Article 4, and/or if any of the founding members or proposed members of the administration have been convicted of abuse of any kind in the context of their engagement in the operation of a not-for-profit organisation, or of any offence involving lack of integrity or moral obscenity:

Any negative response to a request for registration must be forwarded to the interested person in writing by the Registrar and must be accompanied by the complete justification:

Furthermore, in the context of the exercise of their duties, the Registrar may request that applicants who intend to become the founding members in the incorporation of an association or foundation or federation and/or union submit a Criminal Record Certificate issued within the three (3) months preceding their application for registration. In the case of a legal person the certificate is submitted by its legal representative.

(2) Subject to the provisions of clause (3), the Registrar may refuse to register an association or foundation or federation and/or union whose name, in their opinion, is contrary to public safety or public order or public health, or to the protection of rights and freedoms that are guaranteed by the Constitution of the Republic and by the relevant international Conventions that the Republic of Cyprus has signed and ratified, or to public morals, taking into account the prevailing social beliefs:

Any negative response for registration is forwarded to the interested person in writing by the Registrar and is accompanied by the complete justification.

(3) In the case that the proposed name of an association or foundation or federation and/or union is similar with the name of an association or foundation or federation and/or union or company that is already registered or of another existing organisation or medical or other specialty, to such a degree that, in the opinion of the Registrar it can deceive or mislead the

public or the members of any association or foundation, or any federation and/or union or company, depending on the case, the Registrar may require that the persons who have applied for the registration change the name stated in the application within one (1) month at the latest, and may refuse to register said organisation until such change is applied.

(4) In the case that another law requires the registration of an association or foundation or federation and/or union under another Registry, the Registrar must register the association or foundation or federation and/or union, depending on the case, stating on the registration certificate that its operation is conditional to its inclusion in that specific Registry.

PART II: ASSOCIATIONS

Registration of an association

7.-(1) For the purpose of registering associations, the Registrar keeps a Registry of Associations in which to record the particulars, as set forth in clause (2), and the Registry is kept updated and can be inspected by all interested parties; the inspection thereof is done in the presence of a competent officer and without the payment of any fee; in parallel, an updated list of all operating associations and their addresses is also posted on a relevant website, as determined by the regulations that are issued according to the provisions of this Law.

(2) For the purpose of the registration of associations in the Registry, an application in writing is made to the Registrar by the founders or the administration of such an association, to which are attached the Act of Incorporation, the names, addresses, and contact details of the members of the administration, the Articles of Association signed by the founding members and dated, the logo of the association (if it exists), and a description of the movable or immovable property, or both, that are in the possession of or that belong to the association at the time of the registration, or that will be transferred to it after its registration.

(3) It is compulsory to state the exact postal address of the association in the application for registration, even if it is temporary.

(4) The Registrar examines the application at the earliest opportunity, and once compliance with the terms and requirements prescribed in this Law and its regulations is verified, they approve the application and, upon receipt of payment of the fixed fee, enters the association in the Registry and issues the relevant certificate of registration in the prescribed form:

The formalities relating to the approval of the registration under the provisions of this Law are examined without delay and, in any case, within three (3) months from the reception of all required and duly completed documents accompanying the application for registration:

In the case of application of the provisions of Article 6 (3), the three-month period is interrupted.

(5) The certificate of registration, which is issued according to the provisions of clause (4), is published in the Official Gazette of the Republic and is conclusive proof of the registration date of the association and of its compliance with all the requirements of the Law, whilst the Articles of Association are certified by the Registrar and are kept in their records:

Certified copies of the registration certification can be issued to anyone with a legitimate interest for a fee.

(6) The Registrar may undertake inspections, either after a complaint or on an ex officio basis, in order to determine that the terms outlined in this Law are respected, especially as regards the provisions of Article 10. In case of such inspections, the administration of the association must offer the necessary assistance.

(7) In case a request for registration is rejected, the Registrar must state the reasons for such a rejection and inform the applicants of the means of legal protection available to them.

Articles of
Association of an
association

8. The Articles of Association of an association are considered valid and acceptable for registration when they specify or contain the following:

(a) the objectives, the name, and the seat of the association,

including the mailing and/or communication address, which must be situated in a municipality or community within the areas controlled by the Republic of Cyprus;

(b) the terms of admission, withdrawal, and expulsion of members, as well as their rights and obligations;

(c) the financial resources of the association;

(d) the manner of In-Court and Out-of-Court representation of the association;

(e) the administrative bodies of the association, the election process of the elected members of the Board of Directors—where this is provided by the Articles of Association—the length of the term of office, the terms for the formation, operation, and frequency of meetings, the conditions for the convergence or the cessation of the administrative bodies, as well as a provision stating that no remuneration of any kind shall be paid to any member or officer of the Board of Directors for services provided:

The members, including the members of the Board of Directors or the founders of the association, can claim any reasonable expenses incurred during the implementation of their duties, including fees for the participation in research projects or other projects funded or co-funded by third parties, after they submit the relevant documents, and provided that the Articles of Association do not state otherwise.

(f) the terms under which the General Meeting of members is convoked, the terms under which it convenes, and the terms of its decision-making, including a term stating that a General Meeting of the association shall be convoked and convened at least once a year;

(g) the terms for amending the Articles of Association;

(h) the method of auditing the accounts of the association, respecting the principle of transparency;

(i) the terms pertaining to the dissolution of the association or its merger with another association, and to the way its property will be handled in the event of its dissolution, the redistribution of said property among its members being strictly forbidden in any case.

Registration of
amendments to
the Articles of
Association

9.-(1) Any amendment to the Articles of Association of a registered association takes effect only after the said amendment's entry in the Registry of Associations, following the submission of an application in accordance with clause (2).

(2) The Board of Directors of an association is obliged to submit a written application for the registration of any amendment to the Articles of Association to the Registrar without undue delay and, in any event, no later than thirty (30) days from the date on which such amendment was voted, requesting the entry of the amendment in the Registry.

(3) The Registrar may refuse to register an amendment to the Articles of Association if they deem that such amendment is contrary to the provisions of this Law:

The late submission of such an application per se does not constitute grounds for the refusal of the registration of the specific amendment in the Registry of Associations.

Mandatory
notifications to
the Registrar

10.-(1) Within the first quarter of each year, the Board of Directors or the Secretary of a registered association are obliged to notify the Registrar in writing of the following:

(a) the exact number of any removals of members and of registrations of new members that took place during the previous year;

(b) in case there have been any changes, the current members of the association's Board of Directors with their respective titles and contact details; and

(c) whether, in the past year, the minimum number of Annual General Meetings were held, as specified in the Articles of Association.

(2) In case the address of the association and/or its contact details have changed, such changes must also be notified to the Registrar as soon as they take place by the association's Board of Directors or its Secretary.

(3) In case of non-compliance with the obligation under clause (1), the Registrar calls upon the Board of Directors or the Secretary by registered mail, to do so within thirty (30) days. Upon request, this deadline may be extended by another month. In the case of no response, the Registrar may appeal to the Court for the dissolution of the association, according to

the provisions of paragraph (c) of clause (1) of Article 24 and, at the same time, they may publish the relevant proceedings of such appeal in the Official Gazette of the Republic.

Note of dissolution
of an association
in the Registry of
Associations

11.-(1) The dissolution of an association effected in any manner whatsoever, as well as the names of the association's liquidators are noted in the Registry of Associations, next to the registration.

(2) The note of the dissolution is recorded following a written notification of the Registrar by the Board of Directors of the association or the person or authority having caused the dissolution, as the case may be, which must be submitted without undue delay and, in any event, no later than thirty (30) days from the date of the specific event of the dissolution of the association.

Admission,
withdrawal, and
expulsion of
members

12.-(1) Unless otherwise provided in the Articles of Association, admission of new members is allowed at all times.

(2) Members are allowed to withdraw from an association at any time.

(3) The expulsion of members is allowed in the cases prescribed by the Articles of Association, as well as in cases in which a member, with their overall behaviour, acts, or omissions, inflicts or provokes the debasement of the association or the diminution of its credibility or prestige, or other harm to its interests.

Equality of
members

13. All members of an association have equal rights, including the right to vote and be voted, where this is provided for in the Articles of Association.

Rights and
obligations of
members who
withdraw

14. Any member of the association who withdraws has no right over the property of the association and is liable to pay the subscription fee to the end of the financial year, unless the Articles of Association state otherwise:

Members who have not fulfilled their financial obligations to the association may be deprived of the right to vote at General Meetings, during which, the decision is taken regarding their possible expulsion, if the Articles of Association state so.

Non-transferable
membership

15. Membership status cannot be represented, transferred, or inherited.

Administration of
an association

16.–(1) Associations are administered by a Board of Directors consisting of five (5) or more persons who, unless otherwise stated in the Articles of Association, are members of the association and, unless otherwise stated in the Articles of Association, decisions are taken by absolute majority of the members present.

(2) In case a member of the Board of Directors of an association is convicted of a criminal offence involving lack of integrity or moral obscenity, the Registrar, either following the request of any member of the association or in an ex officio capacity, calls upon the statutory body to implement the necessary process for the replacement of this member of the Board of Directors according to the provisions of the Articles of Association.

Cases in which a
member of the
Board of Directors
is not entitled
to vote

17.–(1) A member of the Board of Directors is not entitled to take part in a discussion or in a vote where the decision to be taken relates to or affects a legal transaction or the the filing or cancelling of a lawsuit between the association and that member or their spouse or a relative by blood or matrimony up to the third degree, or where it relates to a legal transaction between the association and a company, personal or capital, in which or in the Board of which that member or their spouse or a relative by blood or by matrimony up to the third degree participates.

(2) Without prejudice to the right of the association to take legal action against a member liable for damages caused by their violation of a legal duty, every decision taken in violation of clause (1) can be annulled in accordance with the provisions of Article 23.

Duties and
powers of the
administration
and liability of an
association and of
the members of its
Board of Directors

18.–(1) The body responsible for the administration of an association must attend to the affairs of the association with due care and with respect to the laws of the Republic, and must represent the association In-Court and Out-of-Court, unless otherwise stated in the Founding Act or the Articles of Association.

(2) The scope of authority of the body in charge of the administration of an association is defined in the Articles of Association and such definition is also valid against all liabilities. It is possible to assign additional duties to the same body through additional specifications in the Articles of Association and, in case of doubt, so the said body's authority also extends to all relevant acts.

(3) Any legal action undertaken by the body in charge of the administration of an association within the scope of its powers is binding to the association.

(4) The association is liable against third parties for any unlawful acts or omissions of its representative bodies or employees; such liability also entails indemnity obligations, provided that said unlawful act or omission has taken place during the exercise of their assigned duties:

If said unlawful act or omission was carried out deliberately, fraudulently, in bad faith or due to gross negligence, the person or persons liable are jointly and separately liable vis-à-vis the association for restoring the damage inflicted.

(5) The Board of Directors of an association is obliged to keep a Registry of Members that is fully updated at least once a year and that is available for inspection by the Registrar and by any third party with a legitimate interest.

Meetings of
members of the
association and
powers thereof

19.-(1) The assembly of the members constitutes the supreme body of an association and it decides on all matters pertaining thereto that do not fall within the jurisdiction of another body.

(2) Unless otherwise provided in the Articles of Association, the assembly elects the members of its administration, appoints the auditors of the accounts of the association, decides on the admission or expulsion of a member, on the approval of the balance sheet, on the change of the objective of the association, on the amendment of the Articles of Association, and on the association's dissolution.

(3) The assembly of the members of an association exercises supervision and control over the members of the Board of Directors and is entitled to dismiss such members in accordance with the provisions of the Articles of Association.

Convergence of General Meetings

20.-(1) The assembly of the members is convoked by the Board of Directors in the cases specified in the Articles of Association or wherever it is deemed necessary, so as to guarantee the interest of the association.

(2) The assembly is also convened at the request of the minimum number of members, as this number is specified in the Articles of Association, and where no such specification exists, it can be convened by one fifth (1/5) of the members, following the submission of a written request that also states the issues to be discussed.

(3) In the case that the above request is not accepted, the Registrar may, upon a written request from the members concerned, authorise them to convene an assembly of the members; the Registrar shall also provide instructions as to who will preside that assembly.

Decisions of the General Meetings

21.-(1) During the assembly of the members, decisions are taken by the majority of the members present, also taking into consideration any members participating via teleconference, provided that the Articles of Association contain relevant provisions allowing this. Unless otherwise provided in the Articles of Association, a decision taken by the assembly on a matter not included in the invitation is null and void.

(2) Subject to the provisions of Article 22, a decision may be taken without an assembly of members if, at least two thirds (2/3) of the members, give their written consent to a specific proposal.

(3) A member is not entitled to partake in a discussion or in a vote if the decision to be taken relates to or affects a legal transaction or the filing or cancelling of a lawsuit between the association and that member or their spouse or a blood relative or a relative by matrimony up to the third degree, or if it relates to a legal transaction between the association and a company, personal or capital, in which, or in the Board of which that member or their spouse or a blood relative or relative by matrimony up to the third degree, participates.

Amendments to the Articles of Association, dissolution or change of the objectives of an association

22. Unless otherwise provided in the Articles of Association, a decision to amend the Articles of Association or to dissolve the association or to change its objectives requires the consent of three quarters (3/4) of the members of the association.

In the cases where the presence of three quarters (3/4) of the members is de facto difficult, the Registrar may give their consent

to the association to submit an application to the Court for the issuance of a decree enabling said association to carry out the decision-making process in the presence of at least two fifths (2/5) of all its members.

Invalidation of
decisions of General
Meetings or of the
administration and
suspension of their
execution

23.-(1) A decision of the General Meeting or of the Board of Directors of an association that is contrary to the Law or to the Articles of Association is null and void, and the invalidation is declared by the Court following an action filed by any member or any person with a legitimate interest; such action must be filed within six (6) months from the date when the decision was taken:

The aforementioned period of six (6) months can be extended by another nine (9) months if the person with a legitimate interest can prove that they found out about the decision at a date subsequent to the date when the decision was taken.

(2) In the context of hearing an action under clause (1), upon application by any party, the Court may suspend the execution of the disputed decision on such terms and conditions as the Court deems fit.

Dissolution of an
Association

24. -(1) An association is dissolved:

(a) at any time, by decision of the General Meeting of the members in accordance with the provisions of Article 22 of this Law;

(b) if the number of the members decreases to a number below twenty (20):

The association is not automatically dissolved for this reason, but is dissolved after six (6) months have elapsed from such a decrease, and provided that within that window of time no names of new members have been notified to the Registrar, so as to achieve the minimum required number of members:

The administrative body of the association shall notify the Registrar, at the latest within one (1) month from establishing that the number of members has decreased to a number below twenty (20), indicating the date when this decrease occurred;

(c) by decision of the Court, following an application by the association's Board of Directors or by two fifths (2/5) of the members, or by the Registrar, if:

- (i) due to various reasons, the election of the Board of Directors is impossible, or if it is impossible for the association to sustain its operation in accordance with the Articles of Association, or if a violation of the obligations listed in Article 10 has occurred, and/or
 - (ii) the objective of the association has been fulfilled or the objective pursued is profit-oriented, or if it is no longer the objective stated in the Articles of Association, and/or
 - (iii) the objective or the operation of the association have been proven to be unlawful as provided in Article 4 of this Law.
- (d) by decision of the Court, following the application by the Registrar, if, due to the inactivity for a period longer than two (2) years, including the non-convergence of an Assembly(General Meeting) of members as required by the Articles of Association, and/or the non-submission of the audited annual accounts, it is assumed that the objective of said association has been abandoned, provided that the Registrar had previously issued a written warning to the administrative body of the said association, stating the reasons for which these provisions can be activated, and giving the association a deadline of three (3) months for the restoration of its operation.

(2) The dissolution of an Association according to the provisions of the present article is published by the Registrar in two daily newspapers that are published in the Republic of Cyprus.

Liquidation of a dissolved association

25.-(1) Once an association has been dissolved, it is automatically under liquidation and, until the completion of the process of its liquidation, the association is deemed to be in existence.

(2) Unless otherwise specified in the Articles of Association, or unless otherwise decided by the Registrar, the liquidation is carried out by the persons in charge of the association's administration, and in case no such persons exist, one or more liquidators are appointed by the Court.

(3) The liquidator has the status of administrator of the association and their authority is limited to the requirements of the liquidation.

(4) During the liquidation, the property included in the association's assets is transferred to another entity whose objectives are in line with those of the association under liquidation, as these are stated in the latter's Articles of Association, whilst, subject to the provisions of any law pertaining to matters of justice, in case the dissolution is not voluntary, the Registrar has the right to intervene in the process in order to ensure the better distribution of the association's property for public benefit.

(5) The liquidator is liable to the compensation of any damages arising from any infringement of their obligations that is their own fault and in the case of more than one liquidators, each one is liable for the entirety of the damage caused.

PART III: FOUNDATIONS

Incorporation of a foundation

26.-(1) The incorporation of a foundation is achieved with its registration in the Registry of Foundations kept by the Registrar, and with the issuance of a certificate of registration by the Registrar, such as the one referred to in clause (2).

(2) According to the provisions of Article 27, the registration of a foundation is carried out following an application by the founders, or by the trustees or the executors of a will, written in the prescribed form and submitted together with the Founding Act, as well as the corresponding Articles of Association, which must include the foundation's *modus operandi*, the names and addresses of the members of its Board of Directors, and the mode of their succession, and including a provision stating that no remuneration of any kind shall be paid to any founding member or officer of the Board of Directors for services provided; the Registrar examines the application at the earliest possible and, once they verify that the objective or the operation of the foundation is not unlawful according to the provisions of Article 4, registers the foundation in the Registry of Foundations and issues a certificate of registration, in the standard format, bearing their signature:

The members of the Board of Directors of a foundation can claim and be reimbursed for any reasonable expenses incurred during the implementation of their duties, including fees for participation in research projects or other projects funded or co-funded by third parties, following the submission of the relevant documents, provided that the Articles of Association of the

foundation do not state otherwise.

(3) A foundation may be registered if its main purpose is to achieve one or more of the following objectives:

- (a) the determent or alleviation of poverty;
- (b) the promotion of education;
- (c) the promotion of health or the saving of lives;
- (d) the promotion of the development of citizens and of the community;
- (e) the promotion of the arts, culture, cultural heritage, or science;
- (f) the promotion of amateur sports;
- (g) the promotion of human rights or of conflict resolution or reconciliation, or the promotion of religious or ethnic harmony or of equality and of diversity;
- (h) the promotion of the protection or improvement of the environment;
- (i) the relief of the needs resulting from young or advanced age, health problems, disability, economic difficulties, or other disadvantage;
- (j) the promotion of the welfare and protection of animals;
- (k) any other objective that aims at benefiting the public in general, or that is considered to be related to paragraphs (a) – (j) above.

The objectives of the foundation need not necessarily be of a public nature, nor need they necessarily benefit the public at large, but may benefit part of the public or may specifically benefit one or more persons or objectives, or persons within a group of persons.

(4) The formalities relating to the approval of the application according to the provisions of this Law are carried out without delay and, in any case, within three (3) months from the reception of all required and duly completed documents. A receipt shall be provided for each application that is submitted:

In the case that the time required to examine an application, starting from the date of receipt of all required and duly completed documents, is expected to exceed three (3) months, the Registrar informs the applicants accordingly, stating the reasons for such delay and specifying the additional time required to examine the

application, which must not exceed one (1) month.

(5) The certificate issued under clause (2) is published in the Official Gazette of the Republic and is conclusive proof of the date of registration and of compliance with the requirements of the Law.

(6) In the case that the request for the issuance of a registration certificate is refused, the Registrar states the reasons for such refusal and informs the applicant of the means of legal protection at their disposal.

Founding Act and
content thereof
Chap. 195
75 of 1970
100 of 1989
96(I) of 2015

27.-(1) The Founding Act is effected either through a legal action when the founder is still alive or through a will:

If a foundation is incorporated through a will, the restrictions determined in Article 31 (a) of the Law on Wills and Succession, which has been amended, are not implemented, and the succession in favour of the foundation, established after the death of the testator is considered valid in principle.

(2) The Founding Act must state the name and the objective of the foundation, its seat, its logo (if it exists), the property allocated thereto, the names, addresses and contact details of the members of its Board of Directors, and the mode of succession thereof, as well as its Articles of Association:

The term “Founding Act” used in this part of the Law, includes all contracts, wills, or other instruments by which a foundation is incorporated.

Amendment of
the Articles of
Association

28. A foundation's Articles of Association may be specified or supplemented or amended by decision of the Court, subject to the will of the founder, and any completion or change to the Articles of Association may also be made on the same terms with a subsequent decision of the Court, to which the Board of Directors or the Registrar may appeal.

Revocation of the
Founding Act

29.-(1) Upon application by the founder, the Court may allow the revocation of the Founding Act on grounds of the destitution of the founder, which has occurred after the incorporation, or for significant reasons justifying such revocation.

(2) No application for revocation can be made following the registration of a foundation.

Obligations of the founder

30. As from the incorporation of a foundation, the founder is bound to transfer thereto the property pledged, and the rights thereof —which are transferred by simple assignment— in the absence of a contrary will of the founder, are transferred automatically with the incorporation of the foundation.

Donations made to the foundation prior to its incorporation continue to produce the same effect subsequently

31. Following the incorporation of a foundation, under this Law, every contribution, donation, and disposal of movable or immovable property made up to the time of incorporation to, or in favour of the proposed foundation or to the members of its administration, or otherwise for the purposes thereof, are as valid as if they had been made to or in favour of the incorporated foundation.

Administration of foundations

32.-(1) The registered foundations are administered by three (3) or more persons and, unless otherwise provided in the Founding Act, their decisions are taken by simple majority of the members present and, in case of tied votes, the president has the casting vote:

In cases where the foundation is administered by three (3) persons, the presence of all three (3) is required in order to reach quorum.

(2) In case a member of the Board of Directors of a foundation is convicted of a criminal offence resulting from lack of integrity or from moral obscenity, the General Registrar rapidly takes judicial measures for the immediate relief of the said member of their duties and for their replacement, so as to achieve the prescribed number of members of the Board of Directors of the foundation:

In cases where such a procedure is still pending, the remaining members are not hindered from acting and exercising the due administration of the foundation and from taking valid and binding decisions on behalf thereof.

Cases in which a member of the Board of Directors is not entitled to vote

33.-(1) A member of the Board of Directors is not entitled to partake in a discussion or in a vote where the decision to be taken relates to, or affects a legal transaction or the filing or cancelling of a lawsuit between the foundation and that member or their spouse or a relative by blood or matrimony up to the third degree, or where it relates to a legal transaction

between the foundation and a company, personal or capital, in which, or in the Board of which that member or their spouse or a relative by blood or by matrimony up to the third degree, participates.

(2) Without prejudice to the right of the foundation to take legal action against a member liable for any damages caused due to the violation of a legal duty, every decision taken in violation of clause (1) can be annulled and such annulment also applies to the act attempted by such a decision.

Duties and powers
of the Board of
Directors

34.-(1) The Board of Directors of a foundation must attend to the affairs of the foundation with due diligence and represent the foundation in Court and out of Court, unless otherwise stipulated in its Founding Act.

(2) The scope of authority of the Board of Directors of a foundation is specified in the Founding Act and such specification is also valid in respect of third persons; under the Founding Act, certain duties may be assigned to the same person and, in case of doubt, the authority thereof also extends to all related actions.

Trustees,
Chapter 193

35. The provisions of the Trustees Law are implemented in all cases in which the Board of Directors of a foundation manages a trust related to the property of the foundation or which constitutes property of the foundation.

Liability of the
foundation

36.-(1) Legal transactions undertaken or agreed to by a foundation's Board of Directors, that are within the limits of its authority, are binding for the foundation.

(2) The foundation is liable against third parties for any unlawful acts or omissions of its representative bodies or employees that entail an obligation for compensation, provided that such acts or omissions took place during the exercise of their powers or duties:

If the said acts or omissions occurred deliberately, fraudulently, in bad faith or due to gross negligence, the natural person or persons liable are jointly and separately liable vis-à-vis the foundation for restoring the damage inflicted.

Appointment
of provisional
administration

37. In the case of absence of any of the persons who make up the Board of Directors of the foundation or where there is a conflict of interest between them and the foundation, the Court may, upon request of the General Registrar or any person with a legitimate interest, appoint a provisional Board of Directors until such obstacle is removed.

Powers of the
Attorney General
of the Republic

38.-(1) The Attorney General of the Republic has the power to:

- (a) take all judicial measures required for the execution of any trust incorporated in favour of any foundation, either through a legal act when the founder is still alive, or through their will;
- (b) approve the sale or other expropriation of immovable property belonging to a foundation, if convinced that such a sale, or expropriation is for the benefit of the foundation.

(b) approve the sale or other expropriation of immovable property belonging to a foundation, if convinced that such a sale, or expropriation is for the benefit of the foundation.»

Amendment to
the Articles of
Association against
the will of the
founder

39. A foundation's Articles of Association may be amended by decision of the Court, even against the will of the founder, following an application by the Board of Directors of the foundation, if such amendment is necessary in order to preserve the property of the foundation or to fulfill its objective.

Change of
objective

40.-(1) In the case where the objective of a foundation has become unattainable, upon application of the Board of Directors of the foundation or the General Registrar, the Court may assign another related objective to the foundation, according to what the founder's wish would have most likely been.

(2) Any modification of the contents or conditions of the Founding Act that is contrary to the provisions that pertain to the cause of public or communal interest is prohibited:

In exceptional cases, by special decision of the Court, when the will of the founder cannot be fulfilled, the property may be dispensed for another related objective.

End of a foundation

41.-(1) The foundation ceases to exist in the cases specified in its Founding Act or in its Articles of Association.

(2) The foundation is dissolved by decision of the Court, if:

- (a) its objective has been fulfilled or has become unattainable;
- (b) due to inactivity for a period longer than two (2) years, including the non-convergence of the meetings of the Board of Directors as required by the Articles of Association, and/or the non-submission of the audited annual accounts, the objective of said foundation can be assumed to have been abandoned;
- (c) it has deviated from its objective or if its objective or operation have been proven to be profit-oriented or unlawful according to the provisions of Article 4.

Liquidation of a dissolved foundation

42.-(1) When a foundation ceases to exist or is dissolved in accordance with the provisions of Article 41, it is automatically under liquidation and, until the completion of such liquidation and for the requirements thereof, it is deemed to be in existence.

(2) Unless the Law or the Founding Act deem otherwise or unless the Registrar decides otherwise, the liquidation is carried out by the foundation's Board of Directors and, if this does not exist, by one or more liquidators who are appointed by the Court.

(3) The liquidator has the status of administrator of the foundation and their authority is limited to the requirements of the liquidation.

(4) The liquidator is liable to the foundation or its successors and, in case of any infringement of their duties, they are required to pay compensation; in the case of more than one liquidators, they are jointly and/or separately liable.

Property of a dissolved foundation

43. Unless otherwise stated in the Founding Act, or unless otherwise decided by the Registrar, the property of a dissolved foundation comes under the possession of the Republic, which must put it to use in order to serve the objective of the foundation or any other related objective.

PART IV: FEDERATIONS AND/OR UNIONS AND SUBSIDIARIES OR BRANCHES

Incorporation and
registration of a
federation and/or
union

44.–(1) Three (3) or more associations, foundations, not-for-profit companies, or other similar, not-for-profit legal entities, whether foreign or domestic, that share common objectives, subject to the provisions of the law that governs them, may establish federations and/or unions and be registered as such in a Registry kept by the Registrar, provided that the applicable law named in their Articles of Association is the law implemented in the Republic:

2 (III) of 2003

Subject to the provisions of the European Convention on the Recognition of the Legal Personality of International Non-Governmental Organisations Ratifying Law of 2003, such federations and/or unions may also be established with respective organisations from abroad, provided that the applicable law named in their Articles of Association and regulating their activity in the Republic, is the law implemented in the Republic.

(2) For the registration of a federation and/or union in the Registry, a written application by the founders or representatives of the interested organisations comprising the federation and/or union must be submitted to the Registrar, which includes the following attachments:

- a) the Articles of Association of the federation and/or union, signed by the founding members, and stating the founding date;
- b) the Articles of Association of the interested organisations;
- c) the Founding Act;
- d) the names, addresses, and contact details of the members of the administration of the federation and/or union
- e) the logo of the federation and/or union, if it exists; and
- f) a description of the movable or immovable property, or both, that are owned or held by the federation and/or union, and/or will be transferred to it after its registration.

(3) In order for the Articles of Association of a federation and/or union to be considered valid and acceptable, as specified in the provisions of clause (2), they must determine or include the following:

- a) the objectives of the federation and/or union;
- b) the name of the federation and/or union;
- c) the seat of the federation and/or union, including the mailing and/or communication address, which must be situated in a municipality or community, within the areas controlled by the Republic of Cyprus;
- d) the terms of admission, withdrawal and expulsion of members as well as their rights and obligations;
- e) the manner of In-Court and Out-of-Court representation of the federation and/or union;
- f) the financial resources of the federation and/or union ;
- g) the administrative bodies of the federation and/or union, the terms for their formation and operation, the frequency of meetings, and the cessation of the administrative bodies, as well as a provision stating that no remuneration of any kind shall be paid to any member or officer of the administration for services provided.

The Articles of Association may state that the members, including the members of the Board of Directors or the founders, can claim and be reimbursed for any reasonable expenses incurred during the implementation of their duties, including fees for participation in research projects or in other projects funded or co-funded by third parties, following the submission of the relevant documents, and provided that the Articles of Association do not state otherwise.

- h) the terms according to which the General Meeting of members is convoked, and the terms according to which it convenes and decides, including a term stating that a General Meeting shall be convened at least once a year;
- i) the terms for amending the Articles of Association of the federation and/or union;
- j) the method of auditing the accounts of the federation and/or union, respecting the principle of transparency; and

k) the terms pertaining to the dissolution of the federation and/or union and the way its property will be handled in the event of its dissolution:

For the registration of a federation and/or union, the terms of Article 7(3) to 7(7) are valid by analogy:

The Registrar may refuse to register a federation and/or union for the same reasons stated under the provisions of Articles 4 and 6, which regard the registration of associations.

(4) Every federation and/or union established and registered according to the provisions of clause (1) acquires its own legal personality and its own administration, which are different to those of constituent organisations, upon issuance of a registration certificate.

(5) For the amendment of the Articles of Association of a registered federation and/or union, the terms of Article 9, which refer to the amendment of Articles of Association, are valid by analogy.

(6) The provisions of Articles 10 to 25 apply, by analogy, in the case of federations and/or unions, the only difference being the fact that the administration of federations and/or unions is composed of at least three (3) members, and the fact that when a federation and/or union is dissolved, it is possible to distribute its property to its members.

Establishment of subsidiaries or branches

45.-(1) An association or foundation registered under the provisions of this Law, which for the purposes of this article is named 'the parent entity', may operate subsidiaries or branches, provided that its Articles of Association include a relevant provision in relation to their *modus operandi*:

Subsidiaries or branches are bound by the Articles of Association of the parent entity; they do not have a separate legal personality, and they follow the policy established and decided by the parent entity.

(2) Specific regulations relating to the registration, administration, organisation, and operation of such subsidiaries or branches can be determined as part of the regulations issued under the provisions of this Law.

PART V: MISCELLANEOUS PROVISIONS

Recognition of
the legal activity
of an association,
foundation,
federation and/
or union, or non-
governmental
organisation
registered as a legal
entity in another
state

46. – (1) An association, foundation, federation and/or union, or non-overnmental organisation with a legal personality in a state that has recognised and ratified the European Convention on the Recognition of the Legal Personality of International Non-Governmental Organisations, which has been in force in the Republic since 21.03.2003, as per the provisions of the Ratifying Law of 2003 About the European Convention on the Recognition of the Legal Personality of International Non-Governmental Organisations, may request recognition of the right to operate legally in the Republic, provided that they produce all the necessary documents that support the legitimacy of their activity, together with a certificate from the statutory body in the state where they are registered:

An association, foundation, federation and/or union, or non governmental organisation that is recognized as a legal personality in a country that has ratified and applies the convention mentioned above, may be registered and recorded in the Registry:

The legal personality may be recognised in the Republic only if the registration is not in conflict with national and public security, the prevention of crime, the protection of health and of public morals, as well as with the protection of the freedoms and rights of third parties and if it does not endanger intergovernmental relations or the maintenance of international peace and safety.

(2) The regulations issued as part of the provisions of this Law may regulate the establishment, registration, administration, organisation, and operation of the cases mentioned in clause (1) more specifically.

Appeals

47.-(1) Any person may file a hierarchical appeal in writing against any decision that directly concerns or affects them. An appeal against the Registrar may be filed to the General Registrar, while an appeal against the General Registrar may be filed to the Minister. According to Article 146 of the Constitution, it is also possible to appeal against such decision to the Administrative Court.

(2) The hierarchical appeal mentioned in clause (1) is filed in writing, within a maximum of thirty (30) days from the date

when the affected person was notified of the contested decision, and the person filing the appeal is required to pay a fee of one hundred euros (€100).

(3) Depending on the case, the General Registrar or the Minister must examine the hierarchical appeal and, after they have heard the applicant or given them the opportunity to support the grounds on which their appeal is based in writing, must take a decision and communicate it to the applicant according to the provisions of clause (4) and within a deadline of ninety (90) days from the date of the filing of the appeal.

(4) Depending on the case, the General Registrar or the Minister may issue a decision that either:

1. validates the contested decision, or
2. cancels the contested decision, or
3. modifies the contested decision, or
4. issues a new decision and replaces the contested one.

Any decision regarding either the acceptance or rejection of the hierarchical appeal cannot be in violation with the criteria and the terms and conditions determined by this Law regarding the registration, operation, or dissolution of an association, foundation, or federation and/or union.

(5) The decision mentioned in clause (1) becomes enforceable if, by the deadline for filing a hierarchical appeal to the General Registrar or the Minister, depending on the case, no action has been taken, while in the case where an application for hierarchical appeal has been made, the decision becomes enforceable with the announcement of the General Registrar's or the Minister's decision regarding the hierarchical appeal.

Consequences of
late notification
or submission or
failure to deliver or
submit

48. Every time the provisions of this Law require the delivery or submission of any application, notification, communication, report, or other information to the Registrar within a specified deadline, the late delivery or submission or the failure to deliver or submit whichever of the above is required, in addition to the consequences explicitly stated in this Law, constitutes a violation of legal duty and the Registrar may impose a pecuniary penalty not exceeding one hundred euros (€100) to the person who failed to meet the relevant obligations.

49.-(1) The members of the administration of associations, foundations, and federations and/or unions are bound to keep accurate and detailed accounting books, in which all the movements of funds of the association, foundation or federation and/or union, as the case may be, are recorded, and to prepare the following accounts at the end of every financial year:

- (a) a gross income account of the association or foundation or federation and/or union, as the case may be, for the duration of the financial year;
- (b) a credit balance account as it appeared at the start of the financial year, and of all the amounts received during the financial year;
- (c) an account of all the amounts due and of all the amounts owed, as well as of all the payments made during the financial year.

(2) The accounts of associations, foundations, or federations and/or unions are audited by a certified accountant, at their own expense:

Associations, federations and/or unions with an annual income lower than forty thousand euros (€40.000) are not required to submit accounts certified by a certified accountant.

(3) The members of the administration of each association, foundation, and federation and/or union shall forward to the Registrar the accounts specified in clauses (1) and (2) respectively, within seven (7) months from the end of each financial year, at the latest.

50.-(1) The Registrar or anyone who can establish a legitimate interest may apply to the Court requesting the issuance of an order for the audit of the accounts of an association, foundation, or federation and/or union that is registered according to the provisions of this Law.

(2) The audit stipulated in clause (1) is carried out by the Auditor General of the Republic or by another person or persons determined and/or authorised by the Court for this purpose:

If the results of the audit confirm that such an audit was

justified, the association, foundation, federation and/or union are obliged to pay the audit fees as these are determined. Conversely, if the results do not justify the undertaking of the audit, such fees are paid by the Republic.

Non-affectance of those governed by a more specific law

51. The provisions of this Law do not apply to nor do they affect, in any manner whatsoever, associations, foundations, societies, organisations, or unions of citizens or federations that are regulated by another, special law, the provisions of which shall continue to apply to the said organisations.

Compliance with the Law About The Prevention and Suppression of Money Laundering and Terrorist Financing
188(l) of 2007
58(l) of 2010
80(l) of 2012
192(l) of 2012
101(l) of 2013
188(l) of 2014

52. The administrative bodies of associations, foundations, federations and/or unions must comply with and implement the provisions of the Law About the Prevention and Suppression of Money Laundering and Terrorist Financing of 2007.

Regulations

53.-(1) The Council of Ministers may issue regulations to specify or regulate any matter that, according to this Law, needs to or could be stipulated and, more generally, for the better implementation of the Law.

(2) Specifically, and without prejudice to the generality of clause (1), such regulations may:

(a) determine all matters that may be or are required to be stipulated under the provisions of this Law;

(b) provide for the registration of associations, foundations, federations and/or unions, for amendments to their Articles of Association, as well as for their the dissolution or liquidation;

(c) provide for the determination of registration fees and fees for the renewal of registration of an association, foundation, or federation and/or union;

(d) provide for the specific elements that must be entered in the Registries, as well as the manner in which they must be uploaded on the internet;

(e) provide specifically for the incorporation of federations and or unions;

(f) determine penalties that do not exceed one (1) year of imprisonment or a pecuniary fine of two thousand euros (€2,000), or both such penalties, for any violation of the regulations issued according to the provisions of this article.

(3) The Supreme Court may issue Procedural Regulations to regulate the practice and proceedings to be followed by the Court during the hearing of cases arising from the implementation of this Law.

Repeals and
reservations
57 of 1972
85(I) of 1997
Chapt. 112
3 of 1972
12 of 1984
122(I) of 1999

54.-(1) Subject to the provisions of clause (2) of this Article and to the provisions of Articles 55 and 56, upon the entry into force of this Law, the Law on Associations and Foundations of 1972 and the Law on Registration of Clubs are repealed.

The provisions of the Law on Registration of Clubs as it has been amended, will continue apply to clubs until the expiration of their license, depending on the case.

(2) Notwithstanding the repeal of the laws stated in clause (1):-

(a) the regulations issued under the repealed laws, which were in effect immediately before the entry into force of this Law, shall be deemed to have been issued under this Law and shall continue to be in force and apply, to the extent that they are not contrary to the provisions of this Law, until they are amended or replaced with new regulations under this Law;

(b) every association and every foundation, together with their Articles of Association and with any amendments thereof that have been registered and entered in the corresponding Registries under the provisions of the repealed laws, shall be deemed to have been registered and entered in the corresponding Registries foreseen under this Law, without the payment of any fee;

(c) every Registry kept under the repealed laws, including the Registry of Clubs, shall be deemed to form an integral part of the corresponding Registry foreseen under the provisions of this Law, until the expiration of the transition provisions relating to clubs in this Law;

(d) every document, with the particulars required for its completion, used for the purposes of any of the repealed laws, shall continue to be used as if it were prescribed under this Law, until new documents are prescribed;

(e) Any tax benefits acquired by associations and foundations registered under the Associations and Foundations Laws of 1972, in its amended form, that are established as charitable institutions, are not affected, provided that the provisions of Article 55(3) and 56 are respected.

Any reference contained in any law, regulation, or legal document to any provision of the laws repealed by this Law, shall be interpreted as a reference to a corresponding provision of this Law.

Transitional provisions

55.-(1) Applications and procedures for the registration of associations or foundations or clubs that had commenced under the repealed laws and have not been completed by the date of entry into force of this Law, shall be carried out and completed under the corresponding provisions of this Law.

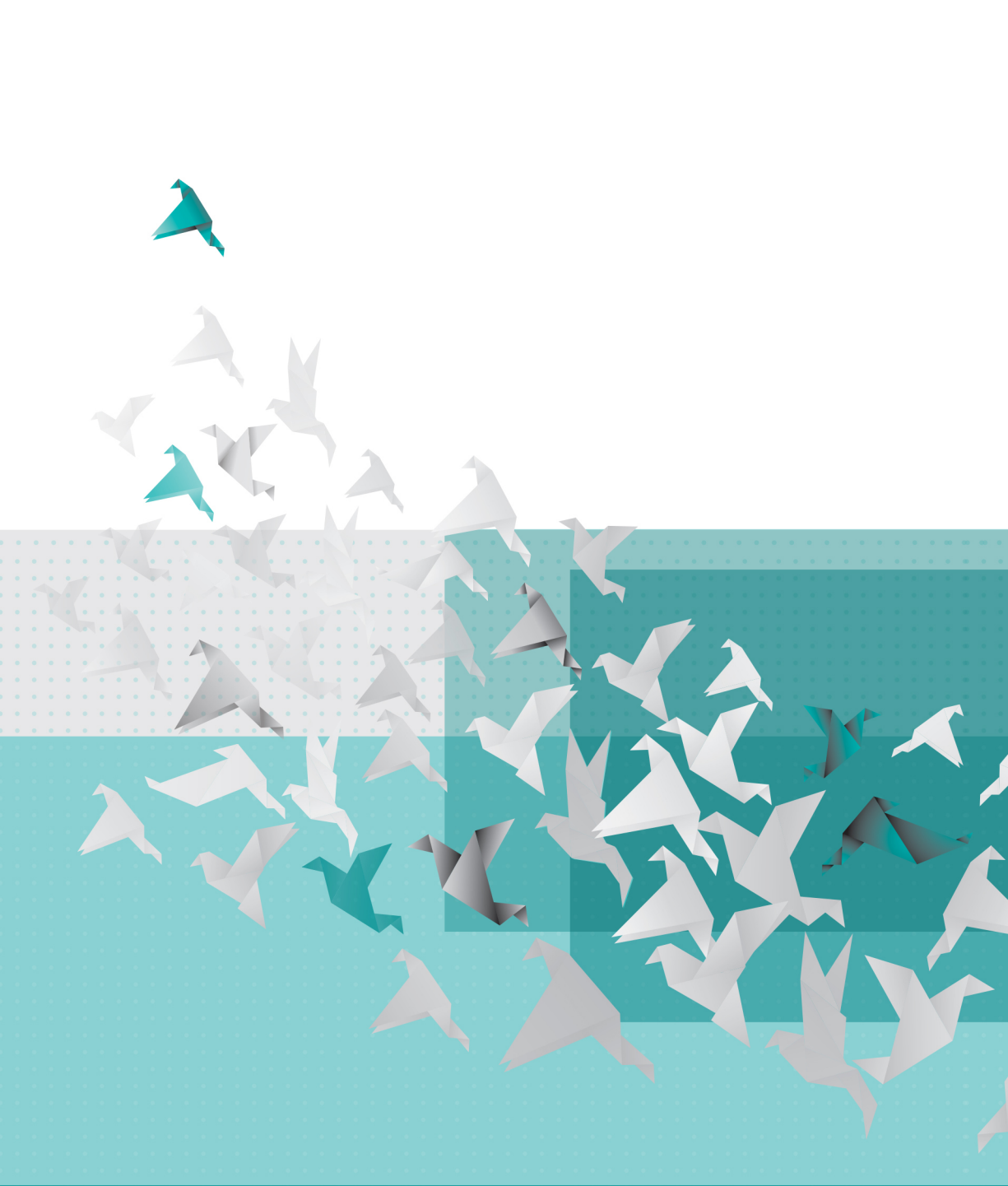
(2) Deadlines for the undertaking of any action or for the delivery or submission of any notification or report that commenced under the laws repealed by this Law shall continue, and will be completed under the corresponding provisions of this Law, but shall, in no case whatsoever, be completed in a time period shorter than fifteen (15) days from the date of entry into force of this Law.

(3) In the cases where, under the provisions of this Law, and for the purposes of compliance, existing associations, foundations or clubs are required to make any amendments to their Articles of Association or to undertake any other action, a period of one (1) year is provided to this end from the date of entry into force of this Law.

Associations, foundations and clubs approved under the repealed laws

56.-(1) Associations, foundations, and clubs founded and registered under the laws repealed by this Law, shall be deemed to have been approved under the provisions of this Law, provided that they carry out the necessary modifications and amendments to their Articles of Association within the deadline prescribed in Article 55(3).

(2) Clubs that have been registered under the repealed Clubs Law in its amended form, may preserve the term 'Club' in their name after the end of the period stated in clause (1), provided that they meet the rest of the requirements stated therein.



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