

## [CY] A legal proposal for abolishing media ownership restrictions

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A proposal for amending Article 19 of the Law on Radio and Television Organisations N.7(I)1998, regulating ownership, has been made by a deputy of the *Δημοκρατικό Κόμμα* (Democratic Party – DIKO]. The proposal would bring drastic changes to the system of restrictions on ownership, and the Parliamentary Committee on Internal Affairs of the House of Representatives is expected to discuss it soon.

Legal restrictions currently in force provide for a system of "share-holding ceilings" for legal or natural persons in combination with other factors, such as the management composition of a company, the presence of those legal or natural persons in the management of a company, or in more than one company, and their share-holding in them. It also sets restrictions for cross-media ownership based on the above factors. Limitations also exist regarding the shareholdings of natural or legal persons from third-countries. A familial relationship of up to second degree is also a limiting factor

The proposal removes the 25% shareholding ceiling for a natural or legal person in a licenced company. It would also remove the restriction, based on a combination of the make-up of the shareholders and the composition of the board of directors, on the participation of one company in another. Various ceilings, such as the maximum total share-holding (74%) a company can hold in another company is also removed

The ceiling of 25% of shares that natural or legal persons from third-countries can hold, in total, in the share-holding structure of a company would be changed by the proposal to a maximum of 50%. The threshold of 5% that one third-country person can hold in a company would be abolished, as would be the requirement that the Council of Ministers must decidewhether a person from a third-country can acquire shares. The proposal also removes the requirement that when calculating the various percentage ceilings for shares held between members that are relatives (up to second degree).

Finally, new restrictions are proposed, which would exclude natural persons from participating in a media company if their criminal record is not clear or if they have been convicted for debts to the State or for disseminating fake news.

Natural or legal persons that have been convicted for plagiarism or theft of intellectual property would also be prohibited from obtaining a licence.

Some of the expected effects of the proposal are as follows :

Abolishing the ceiling of share-holding in a company (or in a company that is a shareholder of another company) may result in one natural person fully controlling a licenced company.

Similarly, not taking into account the composition of the management board of a company as a factor for restricting ownership may result in a situation where a person controls more than one, or a high number, of AVMS companies.

In addition, the removal of the parental factor in the calculation of the total percentage of shares held could leave the door open for a family to own more than one media company leading to a monopoly by a family.

With regard to share-holding by a natural or legal person from a third-country, the ownership ceiling of 50% would make it possible for equal sharing between Cypriots/citizens of other EU countries and third-countries citizens. A question remains open as to what would happen in the case both parties insisted on eventual divergent options.

Finally, generic prohibitions on fake news, plagiarism and other torts might result in disproportionate measures being taken.

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*Official Gazette, 8 October 2021, Appendix SIX, Draft laws and Law Proposals, pp. 1822-5*

