AGREEMENT

ON THE RECIPROCAL PROMOTION AND PROTECTION OF INVESTMENTS BETWEEN THE GOVERNMENT OF THE REPUBLIC OF CYPRUS AND THE GOVERNMENT OF THE REPUBLIC OF SAN MARINO

The Government of the Republic of Cyprus and the Government of the Republic of San Marino, hereinafter referred to as "the Contracting Parties",

Desiring to intensify their economic cooperation for the mutual benefit of both countries,

Intending to create favourable conditions for investments made by investors of each Contracting Party in the territory of the other Contracting Party, and

Recognizing that the promotion and protection of investments under this Agreement will stimulate initiatives in this field,

Considering the principles established by the Agreements existing between the Republic of San Marino and the European Community,

Have agreed as follows:

Article 1. Definitions

For the purposes of the present Agreement:

1. The term "investor" means with regard to either Contracting Party:

(a) natural persons having the citizenship of that Contracting Party in accordance with its law;

(b) Legal persons constituted or incorporated in compliance with the law of that Contracting Party and having their seat in the territory of the same Contracting Party;

Who, in compliance with this Agreement, are making investments in the territory of the other Contracting Party.

2. The term "investment" means every kind of asset and in particular, although not exclusively, the following:

(a) Movable and immovable property and any other property rights such as mortgages, liens, pledges and similar rights;

(b) a company or business enterprise or shares in and stocks and debentures of a company or any other form of participation in a company or business enterprise;

(c) claims to money or to any performance under contract having economic value and associated with an investment;

(u) intellectual property rights, technical processes, know-how and goodwill;

(e) rights to undertake economic and commercial activities conferred by law or by virtue of a contract, including concessions to search for, cultivate, extract or exploit natural resources.

Investments made in the territory of one Contracting Party by any legal entity of that same Contracting Party which is actually owned or controlled by investors of the other Contracting Party shall likewise be considered as investments of investors of the latter Contracting Party if they have been made in accordance with the laws and regulations of the former Contracting Party.

Any change in the form in which assets are invested or reinvested does not affect their character as investments.

3. The term "returns" means the amounts yielded by an investment and includes, in particular although not exclusively, profit, dividends, interest, capital gains, royalties and fees.

4. The term "territory" means:

(a) with respect to the Republic of Cyprus, the territory of the Republic of Cyprus, including the territorial sea and any maritime or sub-maritime area over which the Republic of Cyprus exercises, in accordance with international law, sovereignty, sovereign rights and jurisdiction for the purpose of exploration, exploitation and preservation of the sea-bed, subsoil and natural resources,

(b) with respect to the Republic of San Marino, the territory of the Republic of San Marino, used in a geographic sense, including any other area within which the Republic of San Marino, in accordance with international law, exercises sovereign rights or its jurisdiction.

Article 2. Scope of Application

This Agreement shall apply to all investments made by investors of either Contracting Party, whether existing at or made after the date of its entry into force. It shall not, however, apply to disputes which have arisen before the entry into force of the present Agreement.

Article 3. Promotion and Protection of Investments

1. Each Contracting Party shall promote and encourage within its territory investments made by investors of the other Contracting Party and shall admit such investments into its territory in accordance with its laws and regulations.

2. Investors of one of the Contracting Parties shall enjoy a treatment, in relation to the investment activities in the territory of the other Contracting Party, not less favourable than the one granted in accordance to Article 4(1).

3. Investments made by investors of either Contracting Party shall be granted full protection and security in the territory of the other Contracting Party. Neither Contracting Party shall in any way impair by unreasonable, arbitrary or discriminatory measures the management, maintenance, use, enjoyment or disposal of investments in its territory of investors of the other Contracting Party.

Article 4. National Treatment and Most Favoured Nation Treatment

1. Once a Contracting Party has admitted an investment in its territory in accordance with its laws and regulations, it shall accord to such investment made by investors of the other Contracting Party treatment no less favourable than that accorded to investments of its own investors or of investors of any third State whichever is more favourable to the investor concerned.

2. Each Contracting Party shall accord at all times fair and equitable treatment to investments of investors of the other Contracting Party.

3. Each Contracting Party shall in its territory accord to investors of the other Contracting Party, as regards their management, maintenance, use, enjoyment, expansion or disposal of their investment, treatment no less favourable than that accorded to its own investors or to investors of any third State whichever is more favourable to the investor concerned.

4. The provisions of this Article do not refer to the advantages and privileges which one Contracting Party may grant to investors of Third States by virtue of their membership of a Customs or Economic Union, of a Common Market, of a Free Trade Area, of a regional or sub-regional Agreement, of an International multilateral economic Agreement or under Agreements signed in order to prevent double taxation or to facilitate cross border trade.

5. In this regard, due consideration shall be given to the principles established by the Cooperation and Customs Union Agreement between the Republic of San Marino and the European Community of 16 December 1991, and by the Monetary Convention between the Italian Republic, on behalf of the European Community, and the Republic of San Marino of 29 November 2000.

Article 5. Expropriation

1. Investments of investors of either Contracting Party in the territory of the other Contracting Party shall not be nationalized, expropriated or subjected to measures having equivalent effect to nationalization or expropriation (hereinafter

referred to as "expropriation") except for public interest, in accordance with due process of law, on a non discriminatory basis and against the payment of prompt, adequate and effective compensation.

2. Such compensation shall amount to the fair market value of the investment expropriated immediately before the expropriation or impending expropriation became publicly known, whichever is the earlier (hereinafter referred to as the "valuation date").

3. Such market value shall be calculated in a freely convertible currency at the market rate of exchange prevailing for that currency on the valuation date. Compensation shall include interest calculated on the basis of the 6-month LIBOR rate applicable on the date of expropriation, from the date of expropriation until the date of payment. Compensation shall be paid without delay, be effectively realizable and freely transferable.

4. The investor affected shall have the right, under the law of the Contracting Party making the expropriation, to prompt review, by a judicial authority or other competent and independent authority of that Contracting Party, of its case, including the valuation of its investment and the payment of compensation, in accordance with the principles set out in this Article.

5. Where a Contracting Party expropriates the assets of a company which is incorporated or constituted under the law in force in any part of its own territory, and in which investors of the other Contracting Party own shares, it shall ensure that the provisions of this Article are applied so as to guarantee prompt, adequate and effective compensation in respect of their investment to such investors of the other Contracting Party who are owners of those shares.

Article 6. Compensation for Losses

1. Investors of one Contracting Party whose investments in the territory of the other Contracting Party suffer losses owing to war or to other armed conflict, state of national emergency, revolution, insurrection, civil disturbance or any other similar event, shall be accorded by the latter Contracting Party, as regards restitution, indemnification, compensation or other settlement, treatment no less favourable than that which the latter Contracting Party accords to its own investors or to investors of any third State whichever is more favourable to the investor concerned. Resulting payments shall be freely transferable.

2. Notwithstanding paragraph 1, an investor of one Contracting Party who, in any of the situations referred to in that paragraph, suffers a loss in the territory of the other Contracting Party resulting from

(a) requisitioning of its investment or part thereof by the latter's forces or authorities; or

(b) destruction of its investment or part thereof by the latter's forces or authorities, which was not required by the necessity of the situation, shall be accorded by the latter Contracting Party restitution or compensation which in either case shall be prompt, adequate and effective. Resulting payments shall be made without delay and be freely transferable.

Article 7. Transfers

1. Each Contracting Party shall guarantee to investors of the other Contracting Party the free transfer of all payments relating to their investment. Such transfers shall include, in particular, though not exclusively:

(a) the initial capital and additional amounts for the maintenance or increase of an investment;

(b) investment returns, as defined in Article 1;

(c) funds in repayment of loans related to an investment;

(d) compensations provided for under Articles 5 and 6;

(e) proceeds from the total or partial sale or liquidation of an investment;

(f) earnings and other remuneration of personnel engaged from abroad in connection with an investment;

(g) payment arising out of the settlement of a dispute.

2. Transfers under the present Agreement shall be made without delay in a freely convertible currency at the market rate of exchange prevailing on the date of transfer.

Article 8. More Favourable Terms

1. If the legislation of either Contracting Party or obligations under international law existing at present or established

hereafter between the Contracting Parties in addition to this Agreement contain a regulation, whether general or specific, entitling investments by investors of the other Contracting Party to a treatment more favourable than that provided for by this Agreement, such regulation shall, to the extent that it is more favourable, prevail over this Agreement.

2. More favourable terms than those of this Agreement which have been agreed to by one of the Contracting Parties with investors of the other Contracting Party shall not be affected by this Agreement.

Article 9. Subrogation

If one Contracting Party or its designated Agency makes a payment under an indemnity, guarantee or contract of insurance against non-commercial risks given in respect of an investment made by any of its investors in the territory of the other Contracting Party, the latter Contracting Party shall recognize the assignment of any right or claim of such investor to the former Contracting Party or its designated Agency and the right of the former Contracting Party or its designated Agency to exercise, by virtue of subrogation, any such right and claim to the same extent as its predecessor in title. This subrogation will make it possible for the former Contracting Party or its designated Agency to be the direct beneficiary of any payment for indemnification or other compensation to which the investor could be entitled.

Article 10. Settlement of Disputes between the Contracting Parties

1. Any dispute between the Contracting Parties relative to the interpretation or application of this Agreement shall as far as possible be settled through diplomatic channels.

2. If it is not possible to settle the dispute in this way within six months from the start of the negotiations, it shall be submitted, at the request of either of the two Contracting Parties, to an arbitral tribunal.

3. The arbitral tribunal shall be set up in the following way: each Contracting Party shall appoint one arbitrator and these two arbitrators shall select a national of a third country as Chairman. The arbitrators shall be appointed within three months and the Chairman within five months from the date on which either of the two Contracting Parties informed the other Contracting Party of its intention to submit the dispute to an arbitral tribunal.

4. If within the periods specified in paragraph 3 of this Article the necessary appointments have not been made, either Contracting Party may, in the absence of any other agreement, invite the President of the International Court of Justice to make the necessary appointments. If the President is a national of either Contracting Party or if he is otherwise prevented from discharging the said function, the Vice-President shall be invited to make the necessary appointments. If the Vice-President is a national of either Contracting Party or if he too is prevented from discharging the said function, the Member of the International Court of Justice next in seniority who is not a national of either Contracting Party shall be invited to make the necessary appointments.

5. Chairman of the arbitral tribunal shall be a national of a third State with which both Contracting Parties maintain diplomatic relations.

6. The arbitral tribunal shall issue its decision in accordance with the provisions of this Agreement, other relevant agreements in force between the Contracting Parties and the applicable rales and principles of international law.

7. Unless the Contracting Parties decide otherwise, the arbitral tribunal shall lay down its own procedure.

8. The arbitral tribunal shall reach its decision by a majority of votes and that decision shall be final and binding on both Contracting Parties.

9. Each Contracting Party shall bear the expenses of its own arbitrator and those connected with representing it in the arbitration proceedings. The other expenses, including those of the Chairman, shall be borne in equal parts by the two Contracting Parties.

Article 11. Disputes between One Contracting Party and Investors of the other Contracting Party

1. Disputes that may arise between one of the Contracting Parties and an investor of the other Contracting Party with regard to an investment in the sense of the present Agreement, shall be notified in writing, including a detailed information, by the investor to the former Contracting Party. As far as possible, the parties concerned shall endeavour to settle these disputes amicably.

2. If these disputes cannot be settled amicably within six months from the date of the written notification mentioned in

paragraph 1, the dispute may be submitted, at the choice of the investor, to:

- The competent court of the Contracting Party in whose territory the investment was made; or

- The Arbitration Institute of the Arbitral Tribunal of the Chamber of Commerce in Stockholm; or

- The Arbitral Tribunal of the International Chamber of Commerce in Paris; or

- The International Centre for the Settlement of Investment Disputes (ICSID) established by the Convention of 18 March 1965 on the Settlement of Investment Disputes between States and Nationals of Other States.

3. In the case that the investor decides to submit the dispute to international arbitration, each Contracting Party hereby consents to the submission of such dispute to international arbitration.

4. The arbitral tribunal shall decide the dispute in accordance with the provisions of this Agreement and the applicable rules and principles of international law. The awards of arbitration shall be final and binding on both parties to the dispute. Each Contracting Party shall carry out without delay any such award and such award shall be enforced in accordance with domestic law.

5. During arbitration proceedings or the enforcement of the award, a Contracting Party involved in the dispute shall not raise the objection that the investor of the other Contracting Party has received compensation under an insurance contract in respect of all or part of the damage.

Article 12. Essential Security Interest

Nothing in this Agreement shall be construed to prevent either Contracting Party from taking measures to fulfil its obligations with respect to the maintenance of international peace or security.

Article 13. Other Provisions

1. Either Contracting Party shall in accordance with its laws, regulations and administrative practices followed, examine in good faith applications for the entrance and stay of the investors, employees and workers of the other Party who are involved in activities connected with the investments.

2. The Contracting Parties shall not exclude or hinder the transport agencies of the other Contracting Party and in accordance to their laws and regulations, whenever necessary shall issue permits for the transportation of goods and persons in connection with the investment made.

Article 14. Entry Into Force, Duration and Termination

1. This Agreement shall enter into force on the date on which the Contracting Parties shall have notified each other that their respective constitutional formalities required for the entry into force of international agreements have been completed. It shall remain in force for an initial period of ten years and then be tacitly renewed for consecutive periods of two years.

2. This Agreement shall not prejudice the right of either of the Contracting Parties to amend in whole or in part or to terminate this Agreement at any time during its period of validity.

3. In such an eventuality, if the Contracting Parties do not reach agreement on any modification to or termination of this Agreement within six months after a written request by the Contracting Party seeking such modification or termination to the other Contracting Party, the Party that had made the said request shall be entitled to denounce the whole Agreement within thirty (30) days from the lapse of the said six (6) months period. Such denunciation shall be made through diplomatic channels and shall be considered as a notice of termination of this Agreement. In such a case the Agreement shall tenninate six (6) months after the date of receipt of the said notice by the other Contracting Party, unless such notice is withdrawn by mutual agreement before the expiry of this period of notice.

4. With respect to investments made prior to the date of amendment or termination of this Agreement, the provisions of all of the other Articles of this Agreement shall thereafter continue to be effective for a further period of ten years from that date.

IN WITNESS WHEREOF, the respective plenipotentiaries have signed this Agreement.

DONE in San Marino in two originals on the 13 September 2006 in Greek, Italian and English, all of which are equally authentic. In case of any divergence of interpretation the English text shall prevail.

FOR THE GOVERNMENT OF THE REPUBLIC OF CYPRUS

FOR THE GOVERNMENT OF THE REPUBLIC OF SAN MARINO