

Alternative Investment Fund Managers

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At a glance

Cyprus has strengthened and modernised its legislation and adopted best practises governing the operations of funds and fund managers. It now offers a compelling set of good arguments for being a jurisdiction of choice for establishing or re-domiciling funds and fund management companies.

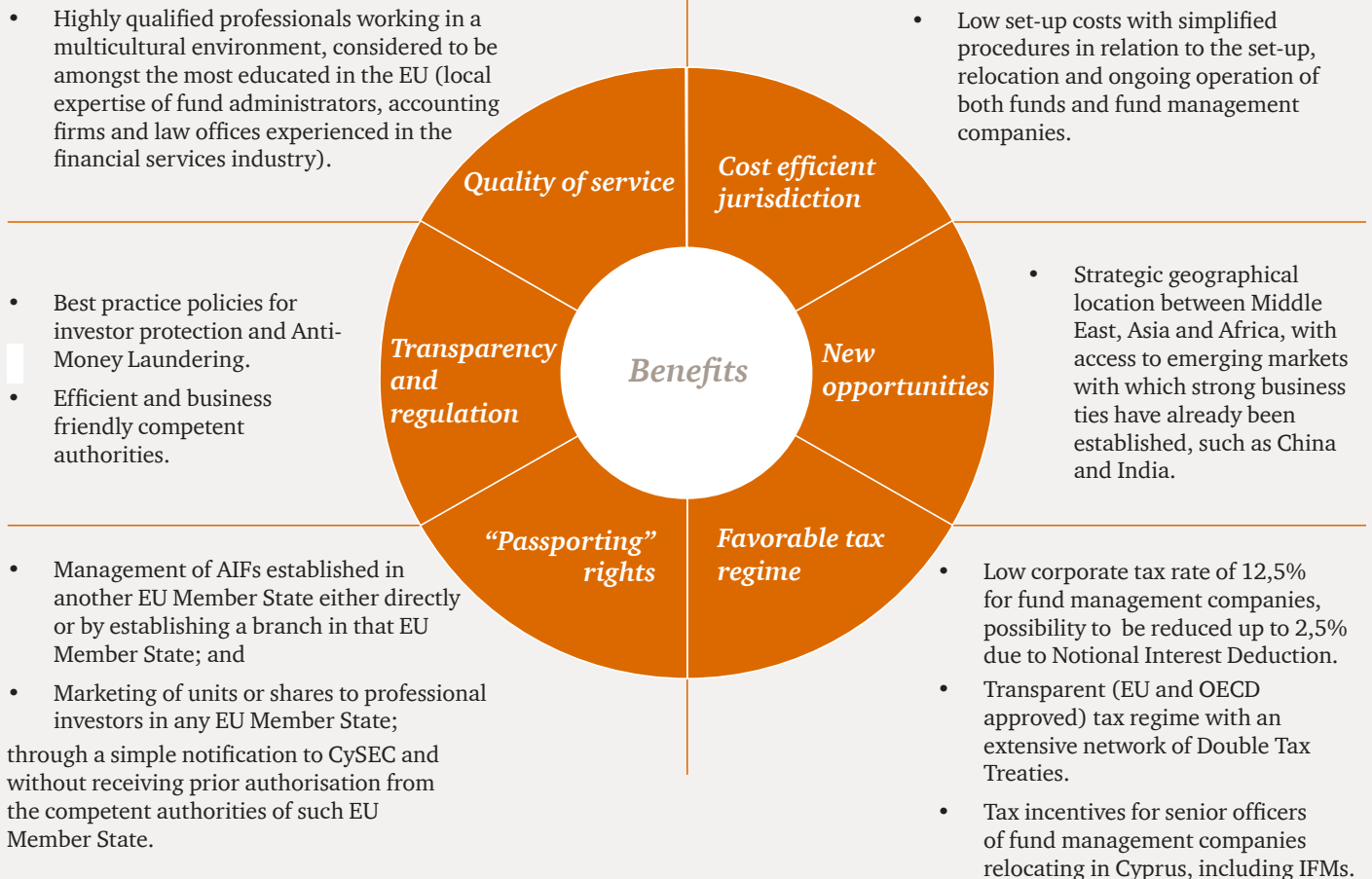
Cyprus is an EU member state that combines various tax efficient measures of a modern financial centre with the necessary infrastructure for the fund industry. It has an independent judiciary, highly qualified workforce, a business friendly environment and a legal system based on common law.



Legal Framework

Cyprus was the second country in Europe to transpose the Alternative Investment Fund Managers Directive 2011/61/EU (“AIFMD”) into national law through the ratification of the Alternative Investment Fund Managers Law 56 (I)/2013 (“AIFM Law”), which governs the establishment and supervision of Alternative Investment Fund Managers (“AIFMs”) in Cyprus.

The choice of a Cyprus AIFM has a number of significant benefits:



Key Features of an AIFM

Professional liability risk 02

Requirement to cover potential liability risks arising from professional negligence through:

- Additional own funds equal to 0.01% of the assets under management;
or
- A professional indemnity insurance against civil liability.

Own funds requirement 04

Minimum ongoing owned funds requirement amounting to at least the greater of the following two sums:

- 0.02% of the amount by which the value of the portfolios of the AIFs managed by the AIFM exceeds EUR 250 million (the initial capital and the additional amount must not, however, exceed EUR 10 million);
or
- One quarter of the preceding year's fixed overheads.

Initial capital 06

Minimum initial capital requirement of EUR 125.000.

Additional services 08

Authorization for the provision of additional investment services regulated under the Markets in Financial Instruments Directive II (MiFID II):

- Management of portfolios of investments on a discretionary basis including those owned by pension funds and institutions for occupational retirement, in accordance with mandates given by investors on a discretionary, client-by client basis; and
- Upon authorization for the provision of management of portfolios:
 - Investment advice;
 - Safe-keeping and administration in relation to shares or units of collective investment undertakings;
 - Reception and transmission of orders in relation to financial instruments.

01 Management strategies

Management of any type of fund, such as Hedge Funds, Private Equity, Venture Capital, Real Estate, Shipping Fund, Loan Originating Funds etc, subject to the relevant authorisation granted.

03 Legal form

Incorporated as a limited liability company with an office located in Cyprus.

05 Depository requirement

Always appoints a single Depository for each AIF it manages, which must be located in the same jurisdiction with the AIF for EU AIFs, or in the same jurisdiction with the AIFM for Non-EU AIFs.

07 Dual license

The license of an AIFM can be crossreferenced with that of a UCITS management company for the management of UCITS compliant funds if deemed necessary.

09 Other features

- Use of Leverage: No restrictions on the employment of leverage by managed AIFs.
- No limits on assets under management: No maximum limit on the assets of an AIF only if investment management is performed by an AIFM (or self-managed AIF having obtained authorization under the AIFM Law).

PwC Services

Our dedicated Fund Services Department, comprised of qualified accountants, CySEC certified practitioners, qualified lawyers and active members of the Cyprus Investment Funds Association, is dedicated to servicing the most complex fund structures, providing immediate solutions. Our experts have a wide and in-depth knowledge of the local laws and requirements and, coupled with their international financial services experience, can assist you with any challenges you face in setting up and maintaining an AIFM.

Being the largest professional services firm in Cyprus, we are able to provide the full spectrum of services required for the setup and maintenance of an AIFM to meet your increasingly complex needs.



Licensing Services



Fund Administration



Ongoing Consulting



Re-domiciliation



Internal Audit Services



Legal Support



Assurance Services



Corporate Services



CRS and FATCA Compliance services



Direct and Indirect Tax services

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