



pwc

Cyprus as a Fund Jurisdiction

Your gateway to the European Union



The appropriate ecosystem to establish your fund structure



Growing Economy & Fund Sector

- One of the fastest growing fund industries and economies in the EU
- Economic stability and steady macroeconomic indicators
- “Investment grade” ratings from all major credit rating agencies
- High “ease of doing business” rankings from World Bank reports



Favourable & Tailored-Made Tax System

- Access to all EU Tax Directives
- Favourable tax regime for alternatives (equities, real estate, venture capital, infrastructure)
- More than 60 Double Tax Treaties
- Fund management tailored-made tax regime and incentive schemes
- No VAT on management and administration fees
- Attractive tax regime for foreign investors



Excellent Regulatory Structure

- High standards of transparency, through frequent reporting to investors and the regulator
- Best practices of investor protection and anti-money laundering policies
- Business friendly, competent and accessible regulator
- Legal system is closely aligned to the English common law legal system
- Fairly simple and time efficient application process



Modern & Flexible Legislative Framework

- Transposition of all EU Directives (AIFMD, UCITS V, MiFID II)
- No restrictions regarding the type of investments
- Enhanced protective measures for liability segregation between compartments
- Variety of legal forms, eligible managers and fund structures
- Listing on a recognised EU stock exchange is permitted



Access to Markets & Investor Capital

- Eligibility to offer services and market funds within EU (European Passport)
- Easy access to major markets e.g. Israel, Central Europe, Middle East, India, China
- Geostrategic position between 3 continents (Europe, Asia, Africa)
- Investment opportunities in various sectors of the Cyprus economy
- Cyprus funds can be listed to Clearstream's Vestima Platform



High Standard Business Environment

- Access to international fund administrators, custodians and brokers
- Well-educated human talent
- English is the business language
- Low set-up and maintenance costs
- Among the lowest office rental rates in Europe



Alternative Investment Funds ("AIFs")

	AIFs	AIFs with Limited Number of Persons	Registered AIFs
Legal Forms	<ul style="list-style-type: none"> • Common Fund • Variable Capital Investment Company • Fixed Capital Investment Company • Limited Partnership 	<ul style="list-style-type: none"> • Variable Capital Investment Company • Fixed Capital Investment Company • Limited Partnership 	<ul style="list-style-type: none"> • Common Fund • Fixed Capital Investment Company • Variable Capital Investment Company • Limited Partnership
Type of Investors	<ul style="list-style-type: none"> • Professional • Well-informed • Professional and well-informed • Retail 	<ul style="list-style-type: none"> • Professional • Well-informed • Professional and well-informed 	<ul style="list-style-type: none"> • Professional • Well-informed • Professional and well-informed
Number of Unit-holders	<ul style="list-style-type: none"> • Unlimited 	<ul style="list-style-type: none"> • Up to 50 natural persons 	<ul style="list-style-type: none"> • Unlimited
Minimum AUM within 12 months	<ul style="list-style-type: none"> • EUR 500.000 	<ul style="list-style-type: none"> • EUR 250.000 	<ul style="list-style-type: none"> • EUR 500.000
Umbrella Structure	<ul style="list-style-type: none"> • Yes 	<ul style="list-style-type: none"> • Yes 	<ul style="list-style-type: none"> • Yes
Internal Management	<ul style="list-style-type: none"> • Yes 	<ul style="list-style-type: none"> • Yes 	<ul style="list-style-type: none"> • No
Eligible Managers	<ul style="list-style-type: none"> • AIFM • UCITS Man.Co • Investment Firm • Small AIFM 	<ul style="list-style-type: none"> • UCITS Man.Co • Investment Firm • Small AIFM • Special Purpose Company • Third country Manager, under conditions 	<ul style="list-style-type: none"> • AIFM • UCITS Man.Co* • Investment Firm* • Small AIFM* * Under conditions
Passporting of Units within EU	<ul style="list-style-type: none"> • Yes, marketing to Professional Investors if managed by an AIFM 	<ul style="list-style-type: none"> • No 	<ul style="list-style-type: none"> • Yes, marketing to Professional Investors if managed by an AIFM
Minimum Capital Requirement	<ul style="list-style-type: none"> • If self-managed: EUR 125.000 or EUR 300.000 for self-managed AIF/AIFM • If externally managed: N/A 	<ul style="list-style-type: none"> • If self-managed: EUR 50.000 • If externally managed: N/A 	<ul style="list-style-type: none"> • N/A
Assets Under Management	<ul style="list-style-type: none"> • No restrictions if AIFM is appointed • Up to EUR 100 million including leverage or EUR 500 million with no use of leverage and no redemption rights for 5 years if AIFM is not appointed 	<ul style="list-style-type: none"> • Up to EUR 100 million including leverage or EUR 500 million with no use of leverage and no redemption rights for 5 years 	<ul style="list-style-type: none"> • No restrictions if AIFM is appointed • Up to EUR 100 million including leverage or EUR 500 million with no use of leverage and no redemption rights for 5 years if AIFM is not appointed
Depository	<ul style="list-style-type: none"> • Mandatory appointment of a local Depository if managed by an AIFM • Cyprus, EU, or third country based if AIFM is not appointed 	<ul style="list-style-type: none"> • Cyprus, EU, or third country based Depository • May be waived if one of the following criteria is met: <ul style="list-style-type: none"> - total assets < EUR 5 million - investors: up to 5 natural persons - no more than 10% of total assets are subject to custody and investors up to 25 natural persons and minimum investment per investor is at least equal to EUR 500.000 	<ul style="list-style-type: none"> • Mandatory appointment of a local Depository if managed by an AIFM • Cyprus, EU or third country based if AIFM is not appointed
Restrictions on Permissible Investments	<ul style="list-style-type: none"> • Restrictions apply if addressed to retail investors 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • Cannot pursue money market or loan originating strategies
Diversification Rules	<ul style="list-style-type: none"> • Restrictions apply based on type of strategy and type of investors 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • N/A



Undertakings for Collective Investment in Transferable Securities (“UCITS”)

A UCITS is an undertaking:

1. The sole object of which is the collective investment of capital raised from the public in transferable securities and/or other liquid financial instruments;
2. Which operates on the principle of risk-spreading; and
3. The units of which are, at the request of investors, redeemed or repurchased, directly or indirectly, out of its assets.

Reasons to set-up a UCITS

01

European branded fund product that can be marketed and sold in other EU member states

02

Internationally regarded as one of the most efficient and distributed asset management vehicles

03

Continuous growth of UCITS distribution in Asia, Latin America, Middle East and Africa

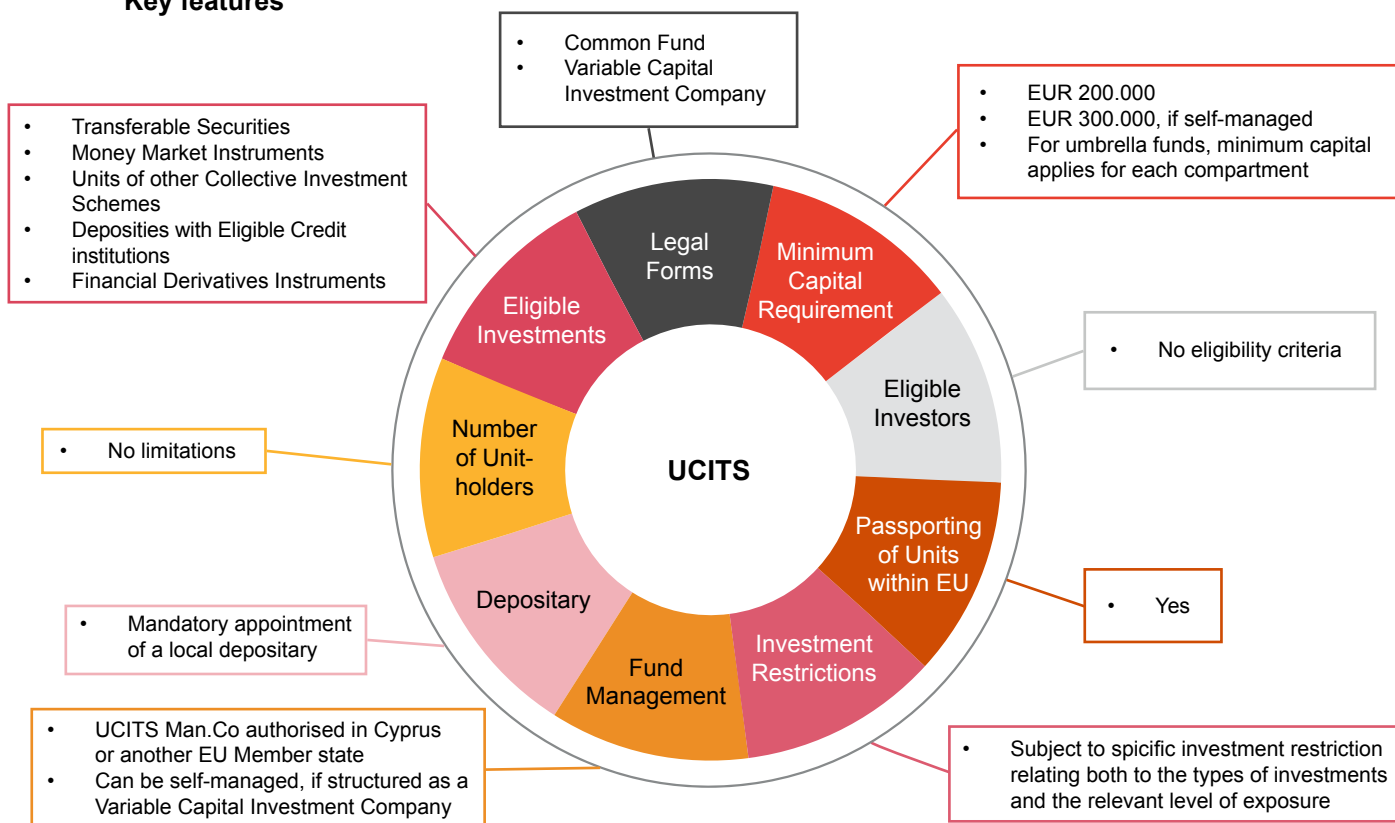
04

Robust regulation and legislative framework that increase the levels of investor's protection and interests

05

Assets Under Management within the UCITS industry are distributed in more than 70 countries and their value is over €9 trillion

Key features





Our Services



Licensing & Registration

- Structuring Advice
- Preparation of the Prospectus and the application package
- Appointment as the Promoters of the application/registration
- Arranging meetings and follow-ups with CySEC
- Activation and operational set-up



Legal Support

- Preparation of constitutional documents & legal contracts
- Legal opinions
- Transactional legal support



Regulatory & AML Compliance

- Compliance Risk Assessments
- Preparation of Compliance Monitoring Plans
- Preparation of Annual Regulatory & AML Reports



Assurance

- Annual statutory audit of IFRS compliant financial statements
- Ad-hoc assurance projects



ESG Advisory

- Compliance with ESG Regulations
- ESG Reporting



Tax

- Tax advisory
- Tax compliance & reporting



Corporate & Secretarial

- Full range of secretarial support
- Registered office facilities (telephone, facsimile and post office box facilities)
- Corporate banking



Fund Administration

- Fund accounting
- Net Asset Value calculations
- Middle office services
- Transfer agency
- Fund reporting



Risk Advisory

- Risk identification at pre-investment stage
- Ongoing risk monitoring
- Setting up and reviewing risk limits
- Measurement of risks using complex models
- Advising on mitigation actions
- Preparation of annual risk management reports



Regulatory & Transactional Support

- CySEC regulatory & statistical reporting
- Preparation and updating of Key Information Documents
- CySEC notifications
- Structuring advice and support for commercial transactions
- Preparation of step plans for financing and in-kind contribution, considering regulatory, tax and legal implications



Internal Audit

- High-level risk assessments
- Preparation of annual internal audit plan
- Audit programs and controls
- Implementation of audit programs & identification of weaknesses



FATCA & CRS Compliance

- Initial entity analysis
- FATCA/CRS implementation
- Reporting

Key features

PwC has a multi-disciplinary team of specialists who can assist you in all aspects of setting up and maintaining a Fund and/or a Fund Manager in Cyprus. Our services include assistance with the licensing and operational set-up process as well as with dealing with the ongoing administration, risk, compliance and regulatory matters of the structure.

The Funds landscape is changing with pressure for effective supervision, calls for transparency, rapidly evolving technology, increased operational risks and increased competition. Using our specialist Fund Services Department, local workforce from other relevant competencies and our extensive global network, we can tailor our approach to address your needs and provide market insights and added value to your structure.

Our dedicated Fund Services Department, comprised of qualified accountants, financial services qualified lawyers, financiers, risk analysts, mathematicians and seasoned corporate consultants, is dedicated to serving the most complex fund structures and provide high-quality solutions. Our experts have a wide and in-depth knowledge of the applicable legal framework and international market practises and, coupled with their international financial services experience, can assist you with any challenges you face in today's demanding landscape.



The right team to talk to!



Andreas J Yiasemides
Partner
Clients & Markets Leader
In charge of Fund Services
andreas.yiasemides@pwc.com
Tel: +357 22 555 035



George Constantinides
Director
Tax Advisory
george.constantinides@pwc.com
Tel: +357 22 555 249



Constantinos A. Nicolaides
Senior Manager
Fund Services
constantinos.a.nicolaides@pwc.com
Tel: +357 22 555 516



Demetris Themistocleous
Senior Manager
Fund Services
demetris.themistocleous@pwc.com
Tel: +357 22 555 079



PwC Central, 43
Demostheni Severi
Avenue, CY-1080
Nicosia
P O Box 21612,
CY-1591 Nicosia,
Cyprus
T: +357-22 555 000



This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

© 2024 PricewaterhouseCoopers Ltd. All rights reserved. PwC refers to the Cyprus member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.