

# Small Investment Fund Manager (the “Small Manager”)

**A lighter - touch regime for the sub-threshold Alternative Investment Fund Managers (“AIFM”). Following the ratification of the Alternative Investment Fund Managers Law 56 (I)/2013 (the “AIFM Law”), transposing the Alternative Investment Fund Managers Directive 2011/61/ EU (the “AIFMD”) into the national legislation, Cyprus has enacted a national legislation which introduces a new type of sub-threshold fund managers, called the “Small AIFM”.**

This is a very important development for Cyprus fund industry as it increases the options available for fund managers / promoters to establish a cost effective and flexible structure in Cyprus.



## Small - AIFM

An authorised Small AIFM is licensed to manage portfolios of various types of Alternative Investment Funds (“AIFs”) with the following characteristics:

- (a) Assets under Management (“AuM”), including any assets acquired through the use of leverage, in total do not exceed a threshold of EUR 100mln; or
- (b) In total, AuM do not exceed a threshold of EUR 500mln where the portfolios of AIFs consist of AIFs that are unleveraged and where investors cannot redeem their interest/units in the first five years after investing (the “AIFMD Thresholds”).

The new Small-AIFM regime came to enhance and provide additional flexibility and competitiveness to the already established straightforward and business-oriented Cypriot regulatory framework. The Small AIFM is more flexible than the other available type of sub-threshold AIFM, that is, a Special Purpose Company, since it has no restrictions as to the number and the type of AIFs it can manage, becoming in this way the preferable solution of a fund manager operating under the AIFMD Thresholds.

The Small AIFM regime is suitable for newcomers in the fund management industry or smaller scale fund managers, who intend to set up their business with lower setup and maintenance costs and with less strict compliance, regulatory and organizational requirements compared to the ones applicable to AIFMs, making Cyprus an ideal EU center for small to medium sized managers.



## Key Features

The introduction of the Mini Manager is expected to give a further boost to the already increasing growth rate of AuM managed from Cyprus and increase the number of fund managers in Cyprus.

Types of permitted AIFs under management (“Permitted AIFs”)

- (a) AIFs established and operating in Cyprus.
- (b) AIFs established and operating in an other EU Member State other than the Republic or in a third country, provided that this is permitted by the legislation governing the specific AIF.
- (c) Alternative Investment Funds with Limited Number of Persons (“AIFLNPs”).
- (d) Registered Alternative Investment Funds (“RAIFs”) that fulfill certain conditions.

Legal Form

Incorporated as a limited liability company maintaining its registered and operational office in Cyprus.

Initial Capital Requirements

EUR 50.000

Maximum Permitted AuM

- (a) EUR 100mln including leverage; or
- (b) EUR 500mln with no use of leverage and no redemption right for 5 years.

Permitted Services

Collective Management Services to Permitted AIFs.

Own Funds Requirement

Additional own funds of 0,02% of the amount by which the AuM exceeds EUR 125mln.



## Advantages

- The Small AIFM is subject to less onerous compliance, organizational and reporting requirements as compared to an AIFM.
- Lower setup and maintenance costs than establishing an AIFM.
- Suitable for portfolios below the AIFMD Thresholds.
- Lighter and more flexible regime compared to an AIFM.
- Not subject to the AIFMD’s requirements to their delegates or agents.
- Ability to convert to a fully-fledged AIFM at a later stage, either through a business decision or mandatorily in case where the portfolios under management exceed the AIFMD Thresholds.



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