Provident Funds

PwC Investment Services (Cyprus) Ltd

Latest Cypriot Provident Funds Legislation

- The Cypriot Law 10(I)/2020 on the Establishment of the Activities and the Supervision of the Institutions of Professional Retirement Benefits, published in February 2020, strengthens the regulatory framework and oversight of the Occupational Pension Funds by introducing enhanced powers for supervisory authorities
- Among other requirements, Law 10(I)/2020 requires provident funds to establish an Internal Audit Control function, conduct their Own Risk Assessment, draft an Investment Policy Statement, appoint members of the Administrative Committee which satisfy fit and proper qualifications and inform the Cypriot Registrar of Provident Funds about the Administrative Committee's Remuneration Policy
- Secondary legislation issued in July 2021 covers the transfer of a provident fund to a multi-employer provident fund (325/2021) or insurance class 7 (326/2021) and enables individual members to transfer their account to the entity with which their employer has chosen to contract

The PwC value-add involves running an independent procurement process to assist in the selection of the preferred provider(s). This process is run in sequential steps as follows:

- Identify a number of candidate providers that are suitable for the provident fund
- Agree on multiple qualitative and quantitative assessment criteria and sub-criteria and their respective weights
- Provide a shortlist of candidates to be part of the detailed assessment based on the pre-agreed criteria
- Produce a detailed and comprehensive report comparing different candidate providers which will include a score for each
- Present the report to the provident fund's administrative committee and members as required and answer any questions

Advantages to Provident Funds

Transferring the provident fund benefits the Employer, the Administrative Committee and the Members of the provident fund in multiple ways:

- **Employer**: Alleviates additional costs and charges incurred by the Employer to manage the members' pensions through greater scale and efficiency
- **Administrative Committee**: Transfers the entire administration burden and legal responsibility to the chosen provider(s); provides an enhanced system of governance and risk management via a multi-employer plan that is professionally managed; requires less effort and time to comply with the updated requirements of the Registrar
- **Members**: Benefit through the opportunity to choose the strategy that best suits their individual needs and risk appetite, the ability to track their investments on a daily basis through an online portal and to make changes at regular intervals

Additional Provident Fund services we offer

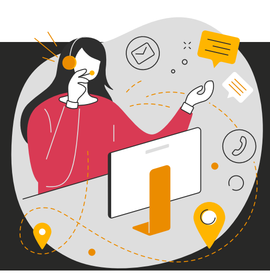
Preparation/Review of **Investment Policy Statement**

Health check of existing provider(s), including investment performance and fees charged

Monitor provider(s) to ensure performance is aligned with provident fund's goals

Why choose PwC Investment Services

- Access PwC Cyprus' universe of candidate providers and obtain lower fees
- Independence; we maintain complete independence from candidate providers and other counterparties, we do not take third-party commissions and are always on the provident fund's side, thereby limiting conflicts of interest
- Regulatory oversight; we are subject to strict regulatory guidelines by the PwC Global Network and our external regulator, CySEC, and follow MiFID II and all other EU applicable regulations
- Confidentiality; we adhere to strict confidentiality procedures as part of global PwC practices, applicable legislation and regulatory requirements
- Our team is made up of experienced and knowledgeable professionals with significant expertise in working with provident funds
- Our goal is to provide provident funds with a time and cost efficient solution to achieve their long-term goals



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