

CYPRUS
ALTERNATIVE
INVESTMENT FUNDS

CY AIF





ALTERNATIVE INVESTMENT FUND MANAGERS LAW OF 2013 (AIFM LAW)

Currently 3 types of AIFs can be offered through Cyprus:

1. AIF to Qualified and Professional Investors:

- In the form of a fixed or variable capital company
- In the form of a Common Fund
- Limited Partnership
- Sub funds can be created under an umbrella structure
- No limitation on the number of investors
- Investors must be professional, qualified investors
- Minimum Investment (subscription) set at EUR 125,000
- Custodian Necessary (foreign EU Bank can be appointed until 2017)
- Can be self-managed by the Board or through a Fund Management Company

2. AIF Available to the Public:

This type of fund is being updated under the law and new provisions will be available in the next 3 months.

- In the form of a fixed or variable capital company
- In the form of a Common Fund
- Limited Partnership
- Sub funds can be created under an umbrella structure
- No limitation on the number of investors
- Investors can be retail (the law is being updated in this respect)
- Minimum Investment expected at EUR 75,000 – EUR 125,000
- Custodian Necessary (foreign EU Bank can be appointed until 2017)
- Can be self-managed by the Board or through a Fund Management Company
- A strong administrator is a must for this type of Fund

3. AIF with limited number of persons – AIF LNP (previous ICIS Funds):

These are the most common types of Funds in Cyprus.

- In the form of a fixed or variable capital company, or
- Limited Partnership
- Variable Capital Company is the most common type used
- Sub funds can be created under an umbrella structure
- Limitation on the number of investors (maximum 75 Investors per Fund)
- Investors must be professional, well informed investors
- Minimum Investment set at EUR 125,000 or assessed as well informed by a credit institution, Investment Firm or a UCITS Management Company

- Can be self-managed by the Board or through a Fund Management Company or through an Investment Firm possessing Asset Management License

- Custodian Necessary (foreign EU Bank can be appointed until 2017), this point can be waived if:
 - the Assets Under Management are below EUR 5mln
 - There are less than 5 Investors
 - If asset classes being invested in do not require custody (real estate, commodities)
 - In this case a CIF holding safekeeping and administration license can be the depository as a custodian substitute

- Fund administrator is a must (combined with book keeping and AML)
- Legal Advisor is a must
- Auditor is a must
- Compliance is a must
- Internal Audit is a must
- Board of Directors if self-managed must have specific industry know how

CAPITAL REQUIREMENTS

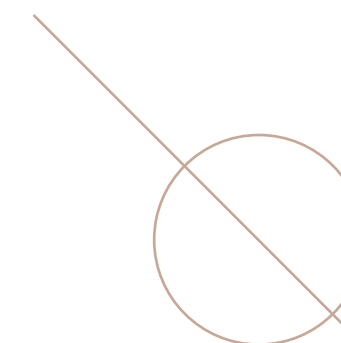
- IF SELF MANAGED EUR 300,000 minimum capital at inception
- IF MANAGED THROUGH A FUND MANAGER, a capital of EUR 200,000 is required as seed capital at Inception.

PROCEDURES

Application to CySEC:

Submission file, due diligence pack and Offering Memorandum/Prospectus is prepared within 3-4 weeks depending on the client providing all necessary documentation.

- IF A MANAGER IS HIRED to endorse a fund application under their umbrella a fund license is granted within 2 months.
- IF SELF-MANAGED may take four months, and up to 6 months from submission date in some cases.



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