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MICHAEL KYPRIANOU & CO LLC

MICHAEL KYPRIANOU & CO LLC HAS ESTABLISHED AN ENVIABLE REPUTATION AS A BROAD-BASED LEGAL PRACTICE. THE CALIBRE OF ITS LAWYERS AND DEDICATION TO PROVIDING CLIENTS WITH THE MOST PRACTICAL AND COST-EFFECTIVE SERVICES IS THE CORNERSTONE OF THE FIRM'S SUCCESS.

The Firm specializes, amongst others, in the capital markets and funds sector. It provides high-end advice and assistance in the incorporation, set-up and regulation of Cyprus Investment Firms, Management Companies, AIFs and UCITS. It also assists investors in relation to the formation, licensing and regulation of these funds and the relevant assistance in their management and control, in addition to help with compliance and regulatory matters.

CYPRUS AS AN INVESTMENT FUND DESTINATION

The Cyprus funds industry has gained a lot of momentum, especially since the recovery of the economy following the financial crisis and the sovereign rating of the country being upgraded to investment grade. The latest developments in the legal and regulatory sector, and the continuous efforts of the Cyprus Securities and Exchange Commission (CySEC) to modernize



and enhance the regulatory regime and remain compliant with European standards have had a very positive impact on the sector, with the number of funds and assets under management growing rapidly in recent years and the outlook for the future promising. The Alternative Investment Funds Law, which was

introduced in 2014 and received its last amendment in July 2018 (the AIF Law), has modernized the funds regime in Cyprus, by bringing it into line with relevant European Union Directives. CySEC has since replaced the Central Bank of Cyprus as the competent regulatory authority and created a centralized point of reference for

the rules regarding all aspects of AIFs, their operation and their management. Having a consolidated regulator overseeing the function of investment activity in Cyprus has been a catalyst in the development of the sector. The AIF Law allows for three types of Alternative Investment Funds to be established in Cyprus:

- The Alternative Investment Fund with Unlimited Number of Persons (AIF);
- The Alternative Investment Fund with Limited Number of Persons (AIFLNP), the limit of persons being 50; and
- The Registered Alternative Investment Fund (RAIF).

The RAIF is the investment vehicle introduced in the last amendment of the Law; the novelty introduced lies with the fact that these Funds, contrary to traditional AIFs, will not fall under the sphere of regulation of CySEC, and hence need not be licensed by the Commission. To fulfil the managerial, compliance and supervisory needs of a RAIF, the law stipulates that an Alternative Investment Fund Manager (AIFM) must be appointed to provide the necessary services essential for the functioning of the Fund. All of the abovementioned Alternative Investment Funds can take one of

various legal forms, as they can be structured as either a Variable Capital Investment Company (VCIC), a Fixed Capital Investment Company (FCIC), a Limited Partnership (LP), or as a Common Fund (CF) with the exception of the AIFLNP. Further, investors also have the option under the Open-Ended Undertakings for Collective Investment Law of 2012 as amended (the UCI Law), to set up an Undertaking for Collective Investment in Transferable Securities (UCITS), which allows for the collective investment in transferable securities and liquid financial instruments. UCITS can be structured as either a Common Fund (CF) or a Variable Capital Investment Company (VCIC). An upcoming regulatory framework for fund administrators is also expected to be finalized in 2019, intended to provide an improved and enhanced fund management regime, which will significantly assist in the more effective

management of funds, and lay the preconditions for facilitating the further development of the sector. Apart from the flexibility afforded to investors by the

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variety of available structures in setting up a fund, operating in Cyprus comes with a number of other benefits. The efficiency of a single regulator has already been discussed; what is more is that the Cyprus Investment Funds Association (CIFA), established in 2013, has since been working continuously to promote the development of

the sector. CIFA maintains a strong international presence, through its membership of the European Fund and Asset Management Association (EFAMA) and the Interna-

tional Capital Market Association (ICMA), thus strengthening the connections of Cyprus with nations both inside and outside the European Union.

This, combined with the extensive network of Double Tax Treaties which Cyprus maintains with over 60 countries, while also having one of the most competitive fund tax regimes in Europe, both from the fund and investor perspective, is one of the many reasons why the island remains an excellent base for international business.

Michael Kyprianou & Co LLC can provide you with assistance in the set-up, incorporation and management in relation to any type of Fund under the laws of the Republic of Cyprus. It can also provide you with legal advice regarding your options and requested objectives so that you are in a position to make an informed decision, subject to Cyprus law requirements.



Lambros Soteriou



Christiana Constantinides



CONTACT INFORMATION

Address: 2 Agias Elenis Street, 6th & 7th Floor, 1060 Nicosia, Cyprus
Postal Address: P.O. Box 21150, 1502 Nicosia, Cyprus
Tel: (+357) 22447777
Fax: (+357) 22767880
e-mail: info@kyprianou.com
Website: https://www.kyprianou.com