



**UCITS**

In June 2012, Cyprus passed the Open Ended Undertakings for Collective Investment Law to amend the older legislation and align it with the UCITS IV Directive. In this regard, a UCITS fund licensed in Cyprus may be sold, marketed or operate in any member state with no requirement for further authorisation. Similarly, a Management Company licensed in Cyprus to manage UCITS is authorised to manage UCITS in any other member state.

### Legal Form

UCITS may be structured either as a Common Fund or as a Variable Capital Investment Company (VCIC). If structured as a Common Fund, an external manager must be appointed while if a VCIC, it may be self-managed by its Board of Directors. In both cases, the assets of a UCITS must be held under custody.

### Umbrella Funds

UCITS funds may be structured as single funds or as umbrella funds, allowing many separate compartments and different share classes.

### Minimum Capital Requirements

€200,000 per sub-fund for UCITS with an external manager and €300,000 per sub-fund for self-managed VCICs. Management companies whose sole purpose is the management of UCITS, are subject to a minimum capital requirement of €125,000.

### Intensive regulation

The Law regulates almost every aspect of the fund including the legal form/structure of the fund, the appointment of the local service providers and their suitability, restrictions on the portfolio investments, diversification obligations and asset valuation rules.

### Transparency

The Law imposes an obligation for certain documents to be available to the investor such as the prospectus and the Key Investor Information Document (KIID), enhancing transparency and enabling investors to make an informed choice when considering investing in a UCITS fund.

### Localisation of Service Providers

The Manager of a UCITS must be approved by CYSEC and can be based in any EU member state. The Depository must be a Cyprus bank or may be a Cyprus branch of an EU bank.

### Net Asset Valuation Rules

The Law provides a set of rules for the correct way to calculate the NAV and a procedure for the reconciliation of the NAV between the service providers. It also imposes rules for its publication.

### Marketing

The UCITS IV directive has harmonised the marketing activities of UCITS management companies and self-managed UCITS throughout the EU by applying uniform standards. UCITS units may now be marketed by credit institutions, other UCITS management companies and credit institutions within the EU.

### Investor Restrictions

Subject to certain provisions, UCITS funds may invest in financial instruments including money market instruments, transferable securities and financial derivatives. They may also invest in OTC derivatives, in other UCITS authorised in the EU or in other collective undertakings regulated at a comparable level. Under certain conditions, UCITS may also invest in deposits with credit institutions.

### Diversification Obligations

UCITS may not invest more than 10% in newly issued securities and cannot have an aggregate exposure to financial derivative contracts that exceed NAV. A UCITS cannot invest more than 20% of its assets in deposits or more than 10% in transferable securities or money market instruments issued by the same body.

## TAXATION OF CYPRUS REGULATED FUNDS

The Cyprus tax regime offers a number of advantages to setting up a UCITS fund or AIF in Cyprus:

- No tax on income from dividends.
- No tax on the disposal of securities/titles.
- Interest income subject to the standard corporate income tax rate of 12,5%.
- AIFs in the form of companies are taxed on other income at the standard corporate income tax rate of 12,5%.
- No stamp duty on the issue of units.
- No withholding or other taxes on distributions made to non-Cyprus residents.
- Possibility to benefit from wide network of double tax treaties where the fund is in the form of a limited liability company.

## OUR SERVICES

Our Fund services team is proud of its reputation as the leading firm providing fund advisory, administration and support services in Cyprus. Our team includes experts with long and successful careers in providing fund management and fund administration services both in the UK and Luxembourg. We provide tailor made solutions that allow our clients to set up and manage the most appropriate fund structure for their needs, anywhere in the EU.

### Set up and Licencing Services

- Establishment of AIF and UCITS funds anywhere in the EU.
- Establishment of UCITS management companies and AIF management companies (AIFM) and advising throughout the licensing procedure.
- Assisting in drafting the necessary procedures manuals to comply with the relevant laws and regulations.
- Advising to ensure compliance with the applicable UCITS/AIF/AIFM Laws.
- Coordination of Securities Services Providers and other outsourcing solutions.
- Drafting of the prospectus and other fund's documents.
- Preparation of business plans.

### Fund Administration Services

#### Fund Accounting

- Accounting for all transactions and movements.
- Portfolio valuations.
- Reconciling portfolios and accounting records with the service providers involved.
- Checking investment restrictions.
- Maintaining, storing and archiving accounting data.

- Calculating taxes and levies.
- Calculating and publishing net asset values.
- Liaising with external auditors.
- Preparing consolidated financial statements in accordance with the accounting standards required.
- Preparing and sending out financial and legal reports.

#### Transfer Agent

- Maintaining shareholder registers.
- Registering and performing transactions (subscriptions, redemptions, conversions, transfers and distributions).
- Settling and monitoring transactions.
- Convening shareholders to annual general meetings and issuing other communications.
- Applying the anti-money laundering and counter-terrorism financing (AML) rules and control procedures.
- Identifying clients (KYC/risk management).

#### Domiciliation and Client Communications Agent

- Registered offices.
- General secretariat and administrative management.
- Correspondence management.
- Organising board meetings.
- Organising shareholder meetings.
- Managing notifications, notices, and legal announcements.
- Managing invoices.
- Maintaining, storing, archiving and destroying documents.
- Managing the secure access to confidential data.
- Assisting you to identify corporate officers with the relevant experience.





**FOR ANY FURTHER INFORMATION  
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