

**AIFS**



Cyprus is a well regulated EU member state with a developed international business center and the necessary infrastructure to serve the funds industry. The enactment of the Alternative Investment Funds Law that implements the relevant EU Directive provides the relevant legal framework to all fund products, both UCITS and AIFS. The abundance of experienced lawyers, accountants, fund administrators and managers, the friendly business environment and low cost base make Cyprus an attractive jurisdiction for the setting up of an Alternative Investment Fund (AIF).

There are two types of AIFs. Open-ended AIFs with an unlimited number of persons (AIF-UNP) and close-ended AIFs with a limited number of persons (AIF-LNP), each with different types of requirements and characteristics:

	AIF-UNP	AIF-LNP
<b>Legal Form</b>	May be set up as a Variable Capital Investment Company (VCIC), a limited partnership or a common fund.	May be set up as a Variable Capital Investment Company (VCIC) or a limited partnership.
<b>Umbrella Fund</b>	An umbrella structure can be set up to accommodate unlimited sub-funds (compartments).	Can be set up as an umbrella with unlimited sub-funds but the number of investors is limited to 75 over the entire AIF.
<b>Minimum Capital Requirements</b>	Minimum initial capital of €125,000 or €300,000 if self-managed.	No minimum initial capital.
<b>Maximum Investors</b>	No maximum number of investors.	Maximum 75 investors in the fund at any time.
<b>Investment Restrictions</b>	Restrictions according to the nature of the investments.	No investment restrictions.
<b>Diversification Requirements</b>	Subject to diversification requirements according to the targeted investor type.	No diversification requirements.
<b>Management</b>	If a VCIC, can be self-managed. If in another form, it must appoint an external investment manager (AIFM).	If a VCIC, can be self managed but if a limited partnership, an external investment manager is required (AIFM).
<b>Marketing</b>	May be marketed to all types of investors. That would include retail investors.	May be marketed only to 'professional investors' and 'informed investors' as defined by the Law.
<b>Depository</b>	Must in all cases appoint a depository/custodian.	Not required to appoint a depository/custodian if its assets do not exceed €5,000,000, or the maximum number of investors is less than 5, or if its assets are not subject to custody.
<b>Listing in Stock Exchange</b>	May be listed on stock exchanges.	Cannot be listed on an exchange.

## 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.





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