



# Alternative Investment Funds in Cyprus



**The KPMG Asset Management practice will support and deliver turnkey solutions**

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Cyprus wishes to be at the forefront of the investment funds sector and is meeting the growing demand with its legal and regulatory framework that incorporates the enhanced regulatory measures adopted at EU level, which give emphasis on investor protection and transparency, while also offering investors and fund promoters stability along with cost and tax efficiency.

In addition to its continuously updated and comprehensive framework, Cyprus serves as a strong link for investments in and out of Europe. It also has easy access to Europe, Asia, Russia and the CIS region, China, India and other emerging markets and as such provides distribution opportunities to a wide range of markets.

## 3 types of Alternative Investment Funds:

### Registered Alternative Investment Fund (RAIF)

- Not subject to authorisation
- Speed to market
- Always externally managed

### Alternative Investment Fund with unlimited number of persons (AIFUNP)

- Regulated
- Diversification rules may apply, depending on the type of investor

### Alternative Investment Fund with Limited Number of Persons (AIFLNP)

- Lightly regulated
- Limit of 50 investors

# Choosing Cyprus



1. **Passport to Europe and established connections to diverse investor markets**



2. **Cost-effective jurisdiction**



3. **Sophisticated business infrastructure to support the industry**



4. **Advantageous tax system**



5. **Strong legal system**



6. **Strategic location and an ideal place to live**



7. **Professional acumen in international structuring**



8. **Open market economy with a highly qualified multi-lingual professionals**

## International expertise

Cyprus has a strong network of financial and professional service providers who have highly skilled, educated and multilingual teams specialised in servicing the funds industry. They offer a wide range of customised services in fund and asset acquisition and disposal structuring, fund administration, custody, audit and other related services.

## Advanced and attractive tax environment

Cyprus has one of the lowest corporate income tax rates in the EU and the Eurozone, while being compliant with the EU Directives and OECD requirements. Fund management services offered to authorised funds are in principle exempted from VAT. Cyprus offers numerous and significant options for international tax planning, both at a corporate and individual level, with an extensive Double Tax Treaty network with 64 countries.

## Strong cooperation between sectors

Cyprus operates in a close working relationship between the business community and the Government, while the latter has a policy of openness for the various market participants.

## Continuous upgrading of the infrastructure in airports, ports and telecommunications and easy access from air and sea

## Competitive, modern and transparent legal and regulatory framework combined with the flexibility of a small jurisdiction

Redomiciliation laws are in place, as well as rigorous anti-money laundering laws and regulations, which attribute to Cyprus the status of a fully FATF compliant jurisdiction. The cost of registration and operation is extremely competitive, compared to other jurisdictions.

# Categories of AIFs

	AIF with unlimited number of persons (AIFUNP)	AIF with limited number of persons (AIFLNP)	Registered AIF (RAIF)
<b>AUTHORISATION</b>			
Regulation	Prior authorisation and ongoing prudential supervision by CySEC	Prior authorisation and ongoing prudential supervision by CySEC	No prior authorisation
Number of investors	No limitation	Limited to 50	No limitation
Available structures	Investment Company (with fixed or variable capital) Limited Partnership (with or without legal personality) Common Fund	Investment Company (with fixed or variable capital) Limited Partnership (with or without legal personality)	same as AIFUNP
Investment Compartments	Yes	Yes	Yes
Management	Internally-managed or externally-managed by eligible entities	same as AIFUNP	Always externally-managed
Depository Requirement	Yes	Possible Exemptions	Yes
Categories of investors	Professional, Well-informed, Retail	Professional, Well-informed	Professional, Well-informed
Minimum share capital requirement	€125,000 for internally-managed AIFs in cash or cash equivalent €300,000 for an internally-managed AIFS falling within the AIFMD thresholds No minimum requirement where externally-managed	€50,000 for internally-managed AIFs in cash or cash equivalent No minimum requirement where externally-managed	No minimum requirement
Minimum Assets under Management	€500,000 within max. 24 months from authorisation (where applicable for each sub-fund)	€250,000 within max. 24 months from authorisation (where applicable for each sub-fund)	same as AIFUNP
Assets under management limitation threshold	No restrictions if a full scope AIFM is appointed Up to €100 ml including leverage or €500 ml with no use of leverage and with lock-up of 5 years	Up to €100 ml including leverage or €500 ml with no use of leverage and with lock-up of 5 years	No limitation

# Our services

- Assistance in set-up and structuring;
- Acting as promoter of the client's entire application and liaising with the regulatory authorities, as necessary;
- Assistance with drafting of constitutional documents and private offering memorandum/prospectus;
- Design of corporate governance framework and preparation of internal operations manual;
- Advising for PRIIPs regulation and assisting on KID preparation;
- Assistance with re-domiciliation of funds.

## Bespoke services:

- Internal audit, risk and compliance services;
- Financial risk management;
- Transactions and restructuring;
- IT Advisory;
- Business performance services.

## Technology powered services:

- AIFMD Reporting;
- Risk management and reporting;
- Automation of procedures.

### Regulatory Services

### Advisory Services

### Asset Management Services

### Audit Services

### Tax Services

- Audit of the statutory annual financial statements based on IFRS;
- Compliance and regulatory reporting for clients;
- Consultation on audit and accounting matters.

- Fund structuring and transaction analysis;
- International tax planning and implementation of cross-border investments and transactions;
- Preparation and submission of corporate tax returns;
- VAT services in relation to fund providers and VAT compliance.

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