CYPRUS
Investment Funds

Gateway to the European Union and high-growth markets
On behalf of my fellow board members in the Cyprus Investment Funds Association (CIFA), I would like to extend our congratulations to CountryProfiler for publishing this informative Sector Guide on Cyprus Investment Funds. This Guide is an important step in enhancing awareness of the depth of the Cyprus investment funds industry, which has in recent years gained significant momentum and traction from both local and international fund promoters.

The global investment fund industry has witnessed significant growth in recent years, a trend strongly anticipated to continue. According to the latest data published by the European Fund and Asset Management Association (EFAMA) in June 2014, worldwide assets under management reached €27.4 billion. Industry research suggests that this figure will grow at a compound annual growth rate of nearly 6% over the next five years. This growing demand is also being fueled by changes in investor demands for regulated products offering greater investor protection. The European Union has responded with enhanced regulatory measures such as upcoming amendments to its UCITS and MiFID regimes, as well as the transposition of the AIFMD in 2013.

Cyprus is primed to meet these demands, with its legal and regulatory framework having aptly responded to the regulatory changes, while concurrently offering investors and fund promoters stability coupled together with cost and tax efficiency. Furthermore, the enactment of the Alternative Investment Funds Law (AIF Law) in July 2014 provides for a significant modernisation of the related framework and offers a comprehensive tool box and new structuring options competitive to those of other established jurisdictions.

While the effects of the Eurozone crisis have posed significant challenges for Cyprus, the outlook for rapid recovery is encouraging. The island’s strategic location, its stable and transparent political infrastructure, its common law legal system and expert professional and financial services offered at a competitive cost, should transform Cyprus into a regional fund centre of excellence. More importantly, Cyprus offers one of the most attractive tax regimes in Europe, a corporate income tax rate of 12.5%, full exemption from tax on gains from trading in securities and a generous participation exemption regime on foreign dividends in conjunction with an extensive network of double tax treaties for international tax planning.
CIFA was established in February 2013 and successfully obtained Observer status of EFAMA in June 2014, an achievement providing a vote of confidence for Cyprus as a fund and asset management centre. The mission of CIFA includes promoting the Cyprus funds industry and rendering Cyprus as a competitive investment funds jurisdiction. CIFA will represent the sector in economic missions organised by the Cyprus government around the world, and take active part in principal meetings of the global fund industry. CIFA’s activities are further supported by the Ministry of Finance and the regulatory authorities. In carrying out its mission, CIFA has established nine Technical Committees comprised of local market experts who will analyse global industry developments and promote legal and regulatory changes to keep Cyprus competitive with other competitive jurisdictions in the funds industry.

CIFA and the Cyprus Investment Promotion Agency (CIPA) are working collectively to effectively promote Cyprus and create awareness on a global scale, ensuring that Cyprus remains at the forefront of industry matters. We are all committed to upgrading our product and service quality on all fronts with the principal aim of allowing Cyprus to emerge as a powerful investment funds jurisdiction.

Mr. Angelos Gregoriades  
President  
Cyprus Investment Funds Association (CIFA)
<table>
<thead>
<tr>
<th>Page</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>06</td>
<td>Why Cyprus</td>
</tr>
<tr>
<td>08</td>
<td>Fund Domicile at a Glance</td>
</tr>
<tr>
<td>10</td>
<td>Funds Sector Profile: Investing in the Future</td>
</tr>
<tr>
<td>16</td>
<td>The Regulator: Cyprus Securities and Exchange Commission</td>
</tr>
<tr>
<td>18</td>
<td>The Exchange: The Cyprus Stock Exchange</td>
</tr>
<tr>
<td>20</td>
<td>Collective Investment Schemes:</td>
</tr>
<tr>
<td></td>
<td><strong>AIFs</strong>: Alternative Investment Funds</td>
</tr>
<tr>
<td></td>
<td><strong>UCITS</strong>: The Undertakings for Collective Investment in Transferable Securities</td>
</tr>
</tbody>
</table>
38 Redomiciliation of Foreign Entities

42 Listing on the Cyprus Stock Exchange

46 The European Passport for Funds

48 Taxation

52 Business Directory: Who’s Who in Cyprus
Cyprus is fast becoming one of the top emerging investment fund centres in Europe in light of its continuous efforts to upgrade its legislative and regulatory framework as well as its strong network of financial and professional service providers. Determined to stay at the forefront of industry developments and offering unique access to high-growth markets, as well as a professional and cost-efficient jurisdiction for funds, the country has continuously developed as a regional domicile for investment funds and asset managers. Cyprus’ population is one of the most highly trained within the EU and the expertise of its service providers has established Cyprus as a location of choice for international fund promoters and investors seeking secure and advantageous fund solutions. Best practice and investor protection are core values of the Cyprus investment funds sector.
• EU member state compliant with EU laws and regulations

• Eurozone member

• Strategic geographical location between Europe, Middle East, Asia and Africa

• Mature business centre with highly qualified professionals and sophisticated infrastructure

• Extensive range of excellent legal and accounting services

• Cost-effective setting-up and on-going operational services

• Favourable EU and OECD-approved tax regime

• Access to an extensive network of double tax treaties allowing for tax efficient structuring of investments

• Efficient and up-to-date regulation, fully harmonised with related EU Directives

• Collective investments can be listed on Cyprus Stock Exchange and other recognised EU stock exchanges

• Cyprus-based funds and asset managers benefit from low tax burdens levied on Cyprus-based corporations
At a Glance

Fund Domicile

Country

**Official Name:** Republic of Cyprus  
**Capital:** Nicosia (Lefkosia)  
**Location:** Eastern Mediterranean  
**Population:** 858,000 (2013)  
**Languages:** Greek, Turkish, English (Business Language)  
**Currency:** € Euro  
**Time Zone:** + 2 hours GMT  
**GDP composition by sector:** Agriculture 2.4%, Industry 15.9%, Services 81.7%  
**Total GDP:** €16.5 billion (2013)  
**GDP per capita:** €19,000 (2013)  
**Climate:** 340 days of sunshine a year

Business Centre

**Tax Framework:** EU and OECD-approved  
**Legal Framework:** Based on UK Common Law and compliant with EU laws and regulations  
**Corporate Tax Rate:** 12.5%  
**Double Tax Treaties:** With more than 50 countries  
**Accounting Standard:** IFRS  
**Number of Banks:** 39  
**Bank Deposits:** €46.6 billion  
**Ease of Doing Business:** Cyprus is ranked 39th out of 189 countries in the World Bank’s Doing Business 2014 report  
**International Memberships:** European Union, Eurozone, the Organisation for Economic Co-operation and Development (OECD), Financial Action Task Force (FATF)
Funds Sector

**Assets under Management:** €3.2 billion (June 2014)

**Number of Funds:** 105

**Non-UCITS:** 102 (July 2014)

**UCITS:** 3 (two single schemes and one umbrella-type with 14 sub-funds with €46.4 million of assets under management)

**Foreign Based:** 36 UCITS established in other EU member States with 512 sub-funds with intent to market units in Cyprus

**UCITS Management Companies:** 2

**AIFMs:** 2 (operating under dual licence)

**Cyprus Investment Firms (MiFID):** 170, of which 67 firms authorised for portfolio management with €2.2 billion under management in 2013

**Custodian Banks:** 7

**Recognised Fund Administrators:** More than 20

**Regulator:** The Cyprus Securities and Exchange Commission (CySEC)

**Bilateral Memoranda of Understanding:** With 19 jurisdictions with another 43 signed for the purposes of the AIFMD

**International Memberships:** International Organization of Securities Commissions (IOSCO), European Fund and Asset Management Association (EFAMA)
Fund Sector Profile

Investing in the Future

The Cypriot investment fund sector has the potential to develop into a multi-billion-euro industry.
The modernisation of Cyprus’ regulatory framework for investment funds is set to raise the country’s profile as a European investment fund and asset management domicile. The Cypriot investment fund sector has the potential to develop into a multi-billion-euro industry, and the country is currently emerging as a European domicile for the global investment fund and asset management industry. The country is benefiting from the modernisation of its regulatory framework for investment funds, as well as from an increasing appetite of investors and fund service providers for EU-regulated jurisdictions. Cyprus offers both EU-regulated Undertakings of Collective Investment in Transferable Securities (UCITS) and alternative investment funds, and the country is confident that it will make significant progress in attracting fund managers and management companies in the coming years.

A Young Industry
Initiated in the late 1990s and with substantial flows only in the past few years, the Cypriot fund sector is a relative newcomer in many respects. In 1999, the country introduced the International Collective Investment Schemes Law that allowed the set-up of International Collective Investment Schemes (ICIS). Currently, there are some 100 ICIS established in Cyprus, with more than half set up in the past four years, proving there is increased interest in the jurisdiction. Among other factors, there is no doubt that Cyprus’ growth in this sector has been driven by the country’s tax treaty network, rendering it a launch pad for investment funds primarily into Russia, the former Soviet republics and Eastern Europe. However, in the past two years, an increasing number of funds have also been set up for investment into Asia, primarily in debt and equity securities as well as in real estate. Going forward, the island’s vision for the future includes the development of a world-class fund sector. EU membership helped Cyprus develop into an international business centre, with corporate and financial services as primary activities. There is now increasing awareness that diversity provides stability, and the expansion of the funds sector is seen as the natural extension of the island’s finance sector.

A New Beginning
While Cyprus has a pedigree in the field of investment funds, the Cypriot regulatory authorities have worked diligently to bring the funds framework on par with other international jurisdictions. These efforts include the enactment of the Alternative Investment Funds Law in
Fund Sector Profile: Investing in the Future

July 2014 (replacing in its entirety the ICIS Law) as well as the transposition of the UCITS IV Directive in 2012 and the Alternative Investment Funds Managers Directive (AIFMD) in 2013, when Cyprus was the third country in Europe to transpose the latter. The island now offers a European passport to the fund management industry providing exceptional possibilities for cross-border and global fund distribution. This should bring more business to the country and attract both EU and non-EU firms keen to gain the badge of an ‘EU-compliant’ manager and access to European Union investors. Another sector where Cyprus is finally seeing growth is UCITS. A non-existent sector until very recently, it received a fresh boost with the launch of three UCITS funds (including 14 sub-funds) and two international UCITS management companies setting up on the island.

Competitive Framework

Many industry experts believe that UCITS will remain more of a niche market, while alternative investment funds will continue to dominate the fund business in Cyprus. The new law on Alternative Investment Funds (AIFs) enacted in July 2014, provides for a framework similar to that of Europe’s main investment fund hubs like Luxembourg, Ireland and Malta. The new legislation increases Cyprus’ competitive offering by modernising the existing legal framework and opening the market to the registration of new types of funds. The AIF law also provides for the establishment of funds marketed to professional and retail investors, as well as for the introduction of umbrella funds with segregated investment compartments. It has also expanded the scope of legal forms by introducing the Common Fund together with the existing legal forms of Variable Capital Companies, Fixed Capital Companies, and Limited Partnerships.

One Regulator

The Cyprus Securities and Exchange Commission (CySEC) is taking steps to increase Cyprus’ appeal as a fund domicile. Regulatory power was previously shared between the CySEC and the Central Bank of Cyprus, but with the implementation of the new framework for alternative investment funds, all regulation has been brought under the aegis of CySEC, which is set to result in more streamlined procedures and further enhance Cyprus’ attractiveness as a jurisdiction. CySEC now regulates AIFs, UCITS funds and Management Companies, as well as MiFID regulated investment firms.
Full Range of Service Providers

There is already a number of recognised fund service providers established in Cyprus, ranging from global names to local independent operators servicing all types of funds at very competitive rates. Set-up costs for a fund in Cyprus are significantly lower than in the more mature fund centres such as Luxembourg and Ireland. In addition, the ‘Big Four’ accounting firms have a presence on the island while a number of law offices also have cooperation agreements with international law firms, proving that Cyprus has the capacity and expertise to help the fund industry expand.

Despite having a versatile industry cluster, Cyprus seeks to attract more service providers to the island in order to gain critical mass and to win a bigger share of the global funds business. In terms of custodians, Cyprus’ new AIF framework allows financial entities other than banks, to also offer custody services, being subject to prudential regulation and meeting capital adequacy requirements. As it relates to Cyprus AIFs managed by an AIFM authorised fund manager, legislation transposing the AIFMD into national law allows for the flexibility of appointing a credit institution based in another EU member state as custodian/depositary through to July 2017; after such time a Cyprus-based custodian/depositary will need to be appointed. All other AIFs, on the other hand, have the flexibility of appointing a depositary based either in Cyprus, another EU member state or even in a third country (subject to conditions). Further under current legislation, a UCITS needs to appoint a credit
institution located in Cyprus or a branch of an EU bank to act as depositary. The UCITS legal framework is being revised with a view to extend the conditions of eligibility of the depositary to other legal entities subject to capital adequacy requirements and to prudential regulation.

Global Reach
Cyprus has good prospects to achieve its goals as the introduction of the EU regulatory framework places the island on the map as a growing domicile for investment funds and asset management. Cyprus provides a lower cost structure and distribution opportunities to a wide range of markets, including but not limited to the EU. The country has a vast network of double taxation treaties with more than 50 countries, which offer interesting tax planning opportunities and key advantages for funds following investment strategies in emerging markets. Determined to build up this sector, the industry is also increasing its marketing efforts. The Cyprus Investment Funds Association (CIFA) was set up to raise awareness of what Cyprus has to offer among international managers, administrators and investors. Cyprus operates within a regulated fund regime that is in tune with the requirements of the modern fund industry. The recent changes in the fund landscape are expected to raise investor confidence in the jurisdiction by creating a European passport of quality and compliance. This coupled with Cyprus’ attractive fiscal framework, English-speaking workforce and its competitive operating environment will increase the island’s ranking as a domicile and servicing centre for both alternative funds and UCITS. This type of growth will not happen overnight, however, the fact that fund managers are increasingly moving to Cyprus demonstrates what the regulatory shift in the European funds landscape could mean for the Cypriot investment fund industry.
Strong Business Centre: Foundation for the Fund Sector

Cyprus has proved itself a resilient and dynamic business centre, offering one of the most business-friendly, international and cost-effective environments in the EU. The country has spent decades building an economy based on the provision of top-quality services and continues to be one of the leading jurisdictions used by blue chip companies and international corporate planners as a launch pad to manage investments into Europe and other high-growth markets. Boasting one of the most highly educated workforces in Europe, the country’s experienced law firms and professional services providers as well as its favourable tax regime have further strengthened its position as a key corporate location. With over 80% of the economy based on services, Cyprus has solid experience in catering to the needs of international business. An added convenience is that English is the business language and the internationally-trained service providers – mostly educated in the UK or the US – have created a global outlook in the local industry to best serve their clients worldwide.

For companies and individuals requiring an ideal location to structure their investments into Europe, the Middle East and Africa as well as Russia and Eastern Europe, Cyprus has long been a jurisdiction of choice. Key activities include international business structures such as holding and finance companies, shipping companies, trusts and investment funds. The extensive offering of business services continues to be a cornerstone of the Cypriot economy and provides a solid foundation for a flourishing fund sector.
The Cyprus Securities and Exchange Commission (CySEC) is the independent public supervisory authority responsible for the supervision of the investment services market and transactions in transferable securities carried out in the Republic of Cyprus. CySEC has a strong commitment to establish a robust and efficient regulatory environment for the financial services sector in Cyprus and to continuously enhance cross-border collaboration with both the European Union as well as third countries. A key strength of CySEC is its flexibility and accessibility as a regulator, which has been achieved through its close cooperation with the private sector and its willingness to be open to discussions and suggestions from the industry on ways to improve its services and the sector. CySEC’s mission is to establish the Cyprus securities market as one of the safest, most reliable and attractive destinations for investment, with a commitment to effective supervision to ensure investor protection.

Objectives:
- To supervise and regulate the agencies under its supervision in order to ensure their compliance with the laws governing their operation
- To carry out all necessary investigations in view of the exercise of its duties under the law as well as on behalf of other foreign competent authorities
- To request and collect information which is necessary or conducive to the exercise of its duties under the law and to demand by written request the provision of information from any natural or legal person or organisation deemed to be in a position to provide the required information
- To impose the administrative and disciplinary sanctions provided by the law
- To require the cessation of practices which are contrary to the securities market laws
- To apply to a competent court for the issue of an order for detention, or charge or freezing or prevention of alienation or transaction involving assets
- To issue regulatory Directives and Decisions
- To cooperate and exchange data and information with other public Authorities in the Republic, competent foreign supervisory Authorities and other organisations.
The Cyprus Stock Exchange (CSE)

The Cyprus Stock Exchange was established as a legal entity in the form of a public corporate body under the Cyprus Securities and Stock Exchange Laws and Regulations which were passed by the House of Representatives in 1993 and 1995, respectively. The first trading session on the Cyprus Stock Exchange was held on 29 March, 1996.

The Stock Exchange currently operates a Regulated Market and a Market in the form of Multilateral Trading Facility (the ‘Emerging Companies Market’), which operate under the Cyprus Securities and Stock Exchange Law and the Investment Services and Activities and Regulated Markets Law (MiFID). Main participants of the Stock Exchange are the Members of the Stock Exchange, brokerage offices, listed issuers and investors.

In accordance with the Securities and Cyprus Stock Exchange Law, the Exchange has the responsibility for the establishment and management of a Central Depository and Central Registry (CSD). Securities listed on the Cyprus Stock Exchange are registered in the CSD and also unlisted securities, whose issuer wishes the maintaining of the registry by the Cyprus Stock Exchange.

Objectives:

- To take all necessary and as the case may demand appropriate measures for the development of the securities market, as well as to control and regulate transactions in securities
- To provide the necessary facilities for the trading of securities and the issuing of an official price bulletin, to facilitate the execution of stock market transactions, to provide procedures and means for supplying stock market information relating to the movement and trading of securities, to provide for the prompt display of relevant data for the information of members, transacting parties and the public and finally to provide for publication of a stock market bulletin either daily or periodically as determined by a decision of the Council
- To promote stock market activity and to use for this purpose every appropriate means of publicity regarding the benefits and the services of the Stock Exchange
- To encourage an orderly and systematic securities market, to combat fraudulent and improper stock market transaction practices and to provide the due protection of investors and the public in general
- To prepare and submit for approval the stock exchange regulations necessary to achieve its objectives and to take every other action necessary for this purpose
Collective Investment Schemes

AIFs: Alternative Investment Funds

UCITS: The Undertakings for Collective Investment in Transferable Securities
Collective Investment Schemes: AIFs

Alternative Investment Funds (AIFs)

AIF: a collective investment undertaking raising external capital from a number of investors with a view to investing it in accordance with a defined investment policy for the benefit of those investors, and that has not been authorised as an Undertaking for Collective Investments in Transferable Securities (UCITS).
The enactment of the Alternative Investment Funds law in July 2014 has aligned the Cyprus legal and regulatory framework with the latest EU directives on asset management, transparency and investor protection. Following on-going efforts to modernise its fund framework, Cyprus introduced a new law offering more investment structuring possibilities and upgraded rules for the authorisation, on-going operations, transparency requirements and supervision of Cyprus AIFs and regulation on the role and responsibilities of their directors, custodians and external managers.

The new AIF law replaces the International Collective Investment Schemes (ICIS) Law of 1999 and has brought all investment products, asset managers and investment firms under the regulation and supervision of the Cyprus Securities and Exchange Commission (CySEC). This development is a welcome evolution, presenting expanded structuring possibilities for fund promoters which will undoubtedly boost Cyprus’ status as one of the fastest growing fund centres in Europe.

AIFs that are established under domestic Cyprus fund legislation can be sold on a private placement basis or marketed to professional investors across the EU under the AIFMD passport.
**Items Introduced by the New AIF Law**

- Common Funds, a contractual structure where investors participate as co-owners of assets
- Umbrella structures with multiple investment compartments, allowing the management of different asset pools with separate investment policies and with ring-fenced assets and liabilities
- Public offerings of AIF shares / units
- Listing of securities issued by AIFs, increasing investor base, liquidity, marketability and transparency
- Role of depositary no longer solely reserved for credit or banking institutions, but may under certain conditions be carried out by other entities

**AIF Legal Forms**

An AIF can take the following legal forms and may be established with limited or unlimited duration:

- Fixed Capital Company (FCC)
- Variable Capital Company (VCC)
- Limited Partnership (LP)
- Common Fund (CF)
**Types of AIFs**

**Alternative Investment Fund with Unlimited Number of Persons**
- may be marketed to retail, or well-informed and/or professional investors
- freely transferable investor shares
- must appoint a global custodian
- can be listed on a recognised stock exchange, and AIFs marketed to retail investors can be traded
- subject to minimum capital requirements of €125,000 or €300,000 if a self-managed fund
- may be subject to certain investment restrictions depending on the investor type and the overall investment policy

**Alternative Investment Fund with Limited Number of Persons:**
- may be marketed only to well-informed and/or professional investors
- cannot exceed total number of 75 investors / unit holders
- freely transferable investor shares, with the condition that their transfer does not result in the AIF having more than 75 investors
- in certain cases may not be required to appoint a licensed manager or a custodian
- assets under management do not exceed the AIFMD thresholds of €100 million (including leverage) or €500 million (5-year lock-up period without leverage)

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**Investor Classification**

**Professional Investor:** An investor considered a professional client, who has the experience and expertise to make his/her own investment decisions and assess the risks involved. To be considered a professional client, the investor must comply with the criteria prescribed in the Markets in Financial Instruments Directive (MiFID) 2004/39/EC.

**Well-informed Investor:** Not considered a professional investor and (i) must confirm in writing that he/she is a qualified investor aware of the risks involved with an investment in the relevant AIF and (ii) makes an investment of a minimum €125,000 or has been evaluated by a licensed bank/credit institution, an authorised investment firm or an authorised Management Company that he/she has the expertise, experience and knowledge in evaluating the suitability of an investment opportunity.

**Retail Investor:** An investor, who does not meet the requirements listed above.
Cyprus has an advantageous and fully EU and OECD-approved tax regime, with AIFs also enjoying significant tax benefits. An AIF is treated identically to any other Cypriot entity and can benefit from the 12.5% flat corporation tax on annual net profits earned worldwide. Furthermore, they benefit from the following features of the Cyprus tax regime:

- No subscription tax on net assets of a fund
- Exemption from tax on profits from sale of shares and other instruments
- No withholding tax on income repatriation or dividends paid to unit holders
- No capital gains tax on disposal of shares/units by the holders
- Tax exemption on capital gains from the sale of immovable property located outside Cyprus
- An extensive network of Double Tax Treaties in place with more than 50 countries worldwide

Key Benefits of the Cyprus AIF

- Cost-efficient and simple to set-up, manage and operate
- Modern regulatory framework fully in line with relevant EU directives and no burdensome reporting requirements
- Increased flexibility as a number of asset classes can be included in an AIF investment strategy
- Significant tax incentives offered by the country’s advantageous tax framework
- Full transparency through annual audited and half yearly reports to CySEC and investors, which include financial statements, borrowing information, portfolio information and Net Asset Value
- Supervised by a competent and accessible regulatory authority
Key Facts and Figures of the Cyprus AIF Industry

Investment Focus of Currently Established AIFs (former ICIS):

- Financial Instruments: 42%
- Private Equity: 16%
- Real Estate: 16%
- Energy/Utilities /Natural Resources: 8%
- Shipping: 1%
- Other: 17%

Regional Focus of Currently Established AIFs (former ICIS):

- Global: 29%
- Russia/Eastern Europe/CIS: 29%
- Southeast Europe/Mediterranean: 8%
- Western Europe: 8%
- Asia: 12%
- Other: 14%
## Requirements

### Fund Service Providers

### Investment Manager

A Variable Capital Company (VCC) and Fixed Capital Company (FCC) may be set-up as self-managed, or it may be externally-managed. A Limited Partnership (LP) and Common Fund (CF) must always appoint an external manager.

### AIF with unlimited number of persons

An external manager must fulfil the following licensing requirements:

- **Established in an EU member state:** the manager must be authorised under the AIFM Directive or the UCITS IV Directive.

- **Established in Cyprus:** must be authorised under the Alternative Investment Fund Managers Law or the Investment Services and Activities and Regulated Markets Law or be a Management Company of the Open Ended Undertakings in Collective Investments Law.

- **Established in a third country:** the manager must be an AIFM of a third country complying with the relevant provisions of the Alternative Investment Fund Managers Law.

### AIF with limited number of persons

The licensing requirements for an external manager depend on the investment objectives of the AIF. If investing in financial instruments it must be:

- **Established in an EU member state:** only Investment Firms authorised under MiFID

- **Established in Cyprus:** must be authorised under the Open Ended Undertakings in Collective Investments Law or the Investment Services and Activities and Regulated Markets Law.

- **Established in a third country:** the manager must be licenced for portfolio management and have adequate regulation and supervision in its home country.

- **AIF not investing in financial instruments:** The externally appointed manager may be a company incorporated solely for the purpose of managing the specific AIF, which does not hold any license for portfolio management.
Out-sourced administrator services under the current legislation are not regulated by CySEC, and no licence is required to act as an out-sourced administrator of a fund. Among others administration tasks include:

- Administrative accounting and bookkeeping services
- Calculating Net Asset Value (NAV)
- Registrar services required with the fund’s operations, such as recordkeeping, processing of subscription and redemption requests and maintenance of the shareholder register
<table>
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<th><strong>Depositary</strong></th>
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<td>Funds must appoint a single and independent depositary whose responsibilities include:</td>
</tr>
<tr>
<td>- Safekeeping fund’s assets by holding in custody of all financial instruments, which can be registered in the custodian’s books and those that can be physically delivered. Also for other assets, the custodian must verify ownership of the fund and maintain an up-to-date record of all assets.</td>
</tr>
<tr>
<td>- Cash flow monitoring in regard to investors and service providers, ensuring the fund’s cash flows are booked at eligible entities and are accurately monitored.</td>
</tr>
<tr>
<td>- Oversight functions ensuring compliance with the fund’s rules and instruments of incorporation, valuation procedures and that they comply with applicable law and regulations. There are also possibilities to subcontract safekeeping duties to a foreign licensed custodian acting as sub-custodian.</td>
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<th><strong>Eligible providers:</strong></th>
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<tr>
<td>a credit institution, MiFID investment firm or other entities that are subject to prudential regulation</td>
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<table>
<thead>
<tr>
<th><strong>Location</strong></th>
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<tr>
<td><strong>AIFs managed by an AIFM:</strong></td>
</tr>
<tr>
<td>custodian must be located in Cyprus, or until July 2017 may be located in another EU member state</td>
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| **AIFs managed by any other entity:** |
| custodian must be located in Cyprus or any other EU member state or third country, with which Cyprus has signed a cooperation agreement |
### Alternative Investment Funds (AIFs)

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<thead>
<tr>
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<th>AIF with Limited Number of Persons</th>
<th>AIF with Unlimited Number of Persons</th>
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<tbody>
<tr>
<td><strong>Regulatory Authority</strong></td>
<td>CySEC</td>
<td>CySEC</td>
</tr>
<tr>
<td><strong>Limitation on Number of Investors</strong></td>
<td>75</td>
<td>Not applicable</td>
</tr>
<tr>
<td><strong>Available Structures</strong></td>
<td>Variable Capital Company (VCC), Fixed Capital Company (FCC), Limited Partnership (LP)</td>
<td>Variable Capital Company (VCC), Fixed Capital Company (FCC), Limited Partnership (LP), Common Fund (CF)</td>
</tr>
<tr>
<td><strong>Umbrella Funds</strong></td>
<td>Possible for all structures</td>
<td>Possible for all structures</td>
</tr>
<tr>
<td><strong>Minimum Share Capital</strong></td>
<td>Not applicable</td>
<td>€125,000 or €300,000 if self-managed</td>
</tr>
<tr>
<td><strong>External Manager Licencing Requirement</strong></td>
<td>Yes, if dealing with investments in financial instruments</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Directors Requirements</strong></td>
<td>Fit and Proper</td>
<td>Fit and Proper</td>
</tr>
<tr>
<td><strong>Custodian Requirements</strong></td>
<td>Based in Cyprus, EU or third country that has cooperation agreement with Cyprus; exemption in specific circumstances</td>
<td>If AIFM must be based in the EU until 2017, after which custodian must be based in Cyprus; otherwise, may be based in Cyprus, EU or third country that has cooperation agreement with Cyprus</td>
</tr>
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</table>
Undertakings for Collective Investment in Transferable Securities (UCITS)

UCITS:
any organisation whose sole aim is the collective investment in transferable securities or in other liquid financial assets of capital raised from the public and whose operation is based on the principle of risk-spreading and whose units are, at the request of holders, repurchased or redeemed, directly or indirectly out of the UCITS' assets.
The availability of funds in Cyprus has grown steadily since the country’s accession to the European Union (EU) in May 2004, which resulted in the harmonisation with the acquis communitaire and EU Directives regulating funds. The transposition of the UCITS IV Directive (2009/65/EC) in July 2012, through the enactment of the Open-Ended Undertakings for Collective Investment Law of 2012 (UCI Law), was another key milestone for the Cypriot funds industry and interest in Cyprus has been on an upward trajectory ever since.

UCITS are internationally regarded as one of the most effective asset management tools available, thanks to their low investment risk and high levels of investor protection. Two prominent UCITS Management Companies have set up on the island, and to date three UCITS funds have been established, which include one umbrella fund with a total of 14 sub-funds, and in aggregate currently amount to €46 million in assets under management. Also foreign UCITS are widely marketed in Cyprus, including UCITS whose promoters are international financial institutions such as JP Morgan, UBS and Julius Baer. With some 40% of UCITS being sold outside of Europe, Cyprus has good prospects of leveraging its strategic geographical location to establish and market UCITS to the Middle East, Russia and Asia.

The Cyprus Securities and Exchange Commission (CySEC) regulates and supervises Cypriot UCITS and Management Companies, and also issues permits for distributing Agents for Foreign UCITS. The Management Company and the Custodian must act – at all times – independently of each other. The business of the Management Company must also be managed by at least two persons, who fulfil the relevant legal requirements. UCITS must also appoint a Custodian responsible for keeping the assets of the fund. CySEC requires that the Custodian must have the necessary mechanisms to protect the property of the fund under its custody and forbid its use for own account or for the benefit of third parties. The Custodian can be either a Cypriot bank or a foreign bank with an active branch in Cyprus.
Key Benefits of Cyprus UCITS

- Full EU passporting rights, Cyprus UCITS can be marketed in all EU member states
- Cost-efficient to set-up and operate
- Low investment risk and internationally regarded as one of the most efficient asset management tools
- Continuous professional management by a team of experienced and reputable financial experts, with the know-how to determine investment opportunities both in Cyprus and in international markets
- Robust legislative framework that protects and promotes investor interests
- Possibility to set up umbrella funds, allowing different sub-funds and share classes
- Investments are fully transparent and easy to monitor through daily publication of Net Asset Value (NAV)
- Upon request, investors are entitled to repurchase or redeem their units from the assets of the UCITS
- Supervised by a competent and accessible regulatory authority
Eligible asset categories for a UCITS:
- Transferable Securities (TSs)
- Money Market Instruments (MMIs)
- Open-ended collective investment schemes
- Deposits with eligible credit institutions
- Financial derivative instruments

Restrictions on UCITS
A UCITS must operate on a principle of risk spreading and as a consequence a UCITS must be properly diversified. There are many individual limits around the areas of asset eligibility and concentration.

UCITS Legal Forms:
- Common Fund
- Variable Capital Company

Share Capital Requirements
- Third-party managed €200,000
- Self-managed €300,000

Master-Feeder Funds
The Master-Feeder structure allows the creation of a structure investing its portfolio into another UCITS, even if located in another EU country. Streamlining the efficiency of the fragmented European industry of investment funds and the search for economies of scale are the driving rationale for the introduction of this investment rule. In a Master-Feeder structure investor contributions go into a Feeder fund, which invests at least 85% of its assets in the Master Fund and the remaining 15% may be invested in other assets subject to the investment objectives of the Feeder Fund.

Umbrella Funds
Umbrella Funds are established with several investment compartments, commonly called sub-funds, with each one constituting a separate pool of assets. The UCITS fund constitutes a single legal entity and each sub-fund has its own separate Net Asset Value (NAV) calculation and issues units corresponding to its assets. Rights of the unitholders of a specific sub-fund only arise from the assets of that compartment and each compartment is liable for the obligations arising from its constitution, operation or dissolution. A compartment of an umbrella fund may invest in another compartment (target) of the same umbrella fund subject to certain restrictions, such as diversification strategies, exposure and no circle investment. Each sub-fund may be dissolved or liquidated separately without affecting the operations of the others and are segregated, thus not subject to ‘cross-class liability’.

Foreign UCITS
All foreign UCITS, which qualify under the relevant EU directive, based in another EU member state seeking to market their shares in Cyprus must apply to the Cyprus Securities and Exchange Commission (CySEC) for registration.
# Requirements

## Fund Service Providers

<table>
<thead>
<tr>
<th><strong>Investment Manager</strong></th>
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<tr>
<td>If not self-managed the UCITS needs to appoint an authorised UCITS Management Company.</td>
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<tr>
<th><strong>Administrator</strong></th>
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<tr>
<td>Funds must appoint a Cyprus-based company to carry out administration tasks, which include:</td>
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<tr>
<td>- Administrative, accounting and bookkeeping services</td>
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<tr>
<td>- Calculating Net Asset Value (NAV)</td>
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<tr>
<td>- Registrar services required with the fund’s operations, such as recordkeeping, processing of subscription and redemption requests and maintenance of the shareholder register</td>
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<thead>
<tr>
<th><strong>Depositary</strong></th>
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<td>Funds must appoint a single and independent depositary whose responsibilities include*:</td>
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<td>- Safekeeping fund’s assets by holding in custody of all financial instruments, which can be registered in the custodian’s books and those that can be physically delivered. Also for other assets, the custodian must verify ownership of the fund and maintain an up-to-date record of all assets</td>
</tr>
<tr>
<td>- Oversight functions ensuring compliance with the fund’s rules and instruments of incorporation, valuation procedures and that they comply with applicable law and regulations</td>
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*Changes to be expected under UCITS V to align the framework with AIFMD.*
<table>
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<th>Auditor</th>
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<tr>
<td>Funds must appoint a Cyprus qualified audit firm, which is responsible for:</td>
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<td>- specific reporting duties</td>
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<td>- expressing an audit opinion on the financial statements based on IFRS and applicable law</td>
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<tr>
<th>Undertakings for Collective Investment in Transferable Securities (UCITS)</th>
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</thead>
<tbody>
<tr>
<td><strong>Legal Form</strong></td>
</tr>
<tr>
<td><strong>Share Capital Requirements</strong></td>
</tr>
<tr>
<td><strong>Minimum Subscription Amount by Investors</strong></td>
</tr>
<tr>
<td><strong>Leverage</strong></td>
</tr>
<tr>
<td><strong>Valuation Frequency</strong></td>
</tr>
<tr>
<td><strong>Redemption Possibility</strong></td>
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<tr>
<td><strong>Reporting Requirements:</strong></td>
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<td><strong>Other</strong></td>
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Foreign companies have been able to redomicile in Cyprus and Cyprus-registered companies redomicile abroad since 2006, with the enactment of an amendment to the Companies’ Law Cap. 113. There are various reasons why companies choose to redomicile, for example to move to an international financial and business centre to access niche markets, move closer to their shareholder base or to take advantage of a favourable tax or regulatory regime.

Since its accession to the EU in 2004, Cyprus’ regulatory framework has been a powerful tool for tax planners and investors worldwide. The country presents many good prospects for companies seeking to redomicile, offering investors and traders the opportunity to benefit from its business-friendly environment and advantageous corporate tax regime. Benefits such as tax exemptions of both dividend and capital gains income as well as the absence of withholding tax for income distributions have already attracted hundreds of thousands of businesses to redomicile in Cyprus, without the need to fully restructure, transfer assets and liquidate former entities. It also provides significant cost-savings and presents ideal opportunities to take advantage of Cyprus’ extensive network of double tax treaties and to bring offshore structures onshore without the loss of underlying assets. An existing company redomiciling to Cyprus preserves its existing legal status, goodwill and operational history.
A foreign company, registered in a country allowing redomiciliation and provided its constitutional documents allow it to do so, may apply to the Registrar of Companies in Cyprus to be registered in Cyprus as a continuing company pursuant to the provisions of the Companies Law Cap 113, which extensively prescribe the requirements that need to be fulfilled in order for the Cyprus Registrar of Companies to consent to the redomiciliation of a foreign company into the Republic of Cyprus.

**Companies engaged in licensed activities**

Companies engaged in licensed activities subject to provisions of the law in their own jurisdiction and for which similar licenses are required in the Republic of Cyprus, must produce relevant consent for their redomiciliation by the relevant authority of their country. A foreign company that intends to undertake licensed activities in the Republic of Cyprus should obtain the appropriate license from the competent authorities of the Republic of Cyprus before it commences its activities.

**Public companies**

Public Companies, further to the requirements imposed on private companies, must submit to the Cyprus Registrar of Companies the following documentation:
- the company’s most recent public offer for registration, or the equivalent document that satisfies the requirements of the Cyprus Companies Law, Cap 113, if the overseas company has offered its shares or debentures to the public
- if listed on a stock exchange, evidence of consent must be provided from the foreign stock exchange allowing redomiciliation in Cyprus
- a certified list of present shareholders
Temporary registration

Once all the requirements of the Companies Law, Cap 113, have been properly complied with, the Registrar of Companies will issue a temporary certificate of continuation. Within a period of six months, to be further extended by three months, from the issuance of the temporary certificate of continuation, the foreign company must present evidence to the Registrar of Companies that it has been struck off from the public register in the country of initial incorporation to receive the certificate of permanent continuation.

From the date of issuance of the temporary certificate of continuation the foreign company:
- is considered a legal entity domiciled according to the laws of the Republic of Cyprus
- has the same liabilities and is eligible to exercise all powers that registered companies have according to the laws of the Republic of Cyprus
- the constituent document of amendment is considered as the Memorandum of the company and where applicable as its Articles of Association

However it should be noted that the registration of the foreign company is not lawful and is void if it is done for the purpose of:
- establishing a new legal entity
- damaging or affecting the continuance of the foreign company as a legal body
- affecting the property of the foreign company and the way this company will maintain its assets, rights and obligations
- rendering ineffective any legal or other procedures filed or to be filed against the foreign company or acquitting or prohibiting from any conviction, judgment, opinion, debt, order or liability against the foreign company or its officials or shareholders
Key Benefits of Redomiciling in Cyprus

- Relocate to an EU jurisdiction
- Gateway to EU and regional markets (Middle East), and preferential access to high-growth markets with which Cyprus has established business ties (Eastern Europe, Russia, CIS countries)
- Favourable tax and regulatory regime
- Extensive network of Double Tax Treaties
- Business-friendly and efficient regulator
- Established business centre with strong track record of successfully servicing international clients
- Highly skilled and multilingual service providers with international experience
- Significant cost savings
- Preservation of company’s existing legal status, goodwill and operational history
Listing on the Cyprus Stock Exchange
The listing of UCITS units or shares and various other types of units of collective non-private investment schemes on the Cyprus Stock Exchange (CSE) became possible in 2012, following a relevant amendment of the Cyprus Stock Exchange Law. The exchange amended its regulatory decisions to cover the listing process of these investment schemes (with or without trading) in December 2013. In regard to Alternative Investment Funds, Cyprus’ new fund framework allows the licensing of AIFs marketed to retail investors. In addition, an amendment to the legislation of the CSE will be brought into effect soon to provide for the listing of AIFs on the CSE.

A CSE listing provides a number of advantages for fund managers and investors. The Cyprus Stock Exchange is an EU-regulated and recognised exchange, which provides a better fund profile and credibility to investors. It has fast and simple listing procedures with minimum bureaucracy, advanced technology, infrastructure, flexibility and effectiveness at low-cost. The CSE has a competitive pricing policy for both market participants and investors, with the potential to increase a fund’s investor base. Funds that obtain a listing can be more effectively marketed to investors and can therefore be considered as an eligible investment proposition for particular institutional investors, overcoming specific restrictions from investing in non-listed securities, or in investments that are not listed on a recognised exchange.

A CSE listing also provides visibility and transparency to investors with the prices of listed funds posted on the CSE’s website and reported to the market through the Exchange by major data vendors. Price mechanism is provided, either through net asset value (NAV) postings or market prices, if traded. This parameter is important for fund managers who require a publicly quoted Securities Exchange price for their investments.

The Cyprus Stock Exchange recently (March 2014) accepted its first listings of 16 non-negotiated Collective Investment Funds – more specifically, two single scheme UCITS funds and 14 sub-funds of one UCITS umbrella scheme. With the sector gaining momentum, more funds are expected to follow. Since the beginning of 2014, Cyprus has already received a number of enquiries from fund managers interested in listing their funds on the exchange following the amendment of CSE’s regulatory decisions covering the listing process of investment schemes (with or without trading).

**Listing requirements of the CSE**

To list in the Tradable Collective Investment Schemes Market, the key requirements are to obtain a license from the competent authorities of the country of origin, assets of at least €200,000 and the appointment of at least one Market Maker on a continuous basis, for the purpose of sufficient trading. Also required is a submission of the registry of unit holders or shareholders to the central depository of the CSE. In the case of an Exchange Traded Fund (ETF), the index provider must have granted the ETF issuer a license, to legally use an underlying index in the name of the ETF.
The key listing requirements for the Non-Tradable Collective Investment Schemes market are to have a license from the competent authorities of the country of origin and the common fund’s assets, or the variable capital investment company’s assets, must be at least €200,000.

**Listing Fees**
CSE’s listing fees in regard to Collective Investment Schemes are considered very competitive. The listing fee or application fee for the Tradable Collective Investment Schemes is €1,000 and for Non-Tradable Collective Investment Schemes €500. In addition to the application fee, there is an annual subscription fee of €1,000 for single funds and €1,000 for umbrella funds plus €400 per class or sub-fund.

**Future Developments**
Cyprus is creating a new regional market and is one of the fastest growing fund centres in Europe. The CSE is continuously diversifying its activities and services and is committed to enhancing the competitiveness and accessibility of Cyprus for foreign investors. The CSE is also examining the potential of Islamic financial instruments and is taking steps to promote their listing. The CSE is establishing itself as an integral part of the country’s growth strategy, supporting efforts to strengthen Cyprus’ role as both a regional business hub and a financial centre.
Key Benefits of Listing on the CSE

• An EU-regulated and recognised exchange
• An improved fund profile and credibility to investors
• Fast and simple listing procedures with minimum bureaucracy
• Competitive pricing policy for investors and market participants
• Potential to increase investor base
• Effective marketing for listed funds
• A high level of visibility and transparency to investors
• Skilled and professional staff with a personal approach due to small market size
• Advanced technology and infrastructure
• Constant review of rules and diversification of services to remain at the forefront of developments and to better cater to the fund industry
• Access to a rapidly developing new regional market and one of the fastest growing fund centres in Europe
The European Passport for Funds
Funds authorised as UCITS in Cyprus, or in any EU member state, can be marketed throughout the European Union through a regulator-to-regulator electronic notification procedure. This ‘single EU passport’ has opened up good prospects for Cyprus to be used as a base for setting up funds or for fund management companies seeking to take advantage of the country’s beneficial framework and manage funds across Europe from Cyprus.

UCITS IV provides possibilities to manage UCITS domiciled in other EU member states and enables fund management companies to manage both corporate and contractual funds domiciled in EU countries other than where the management company is established. The passport also allows fund managers to sell funds across the EU, without the burden of establishing extensive administrative functions for every jurisdiction and allows them to create economies of scale where existing fund management companies are consolidated.

Under the new regulatory framework, an Alternative Investment Fund Manager can manage and/or market to professional investors in the EU alternative investment funds set up anywhere within the EU. The single EU passport essentially liberalises Europe’s capital markets and exposes them to pan-European competition, while at the same time streamlining standards of regulation for increased investor protection.

**A Unified European Market**

- A single market for UCITS, with management companies allowed to set up in Cyprus and manage UCITS set up in any EU member state. Management companies set up in other EU member states can also manage UCITS set up in Cyprus.

- The introduction of a unified mergers framework, master-feeder structures and simplified notification procedure enhance the efficiency and effectiveness of the European Funds industry as a single market offering opportunities for consolidation.

- Encouraging the restructuring European operations of major fund managers and market consolidation through mergers and re-domiciliation of UCITS and management companies.
Taxation
Cyprus offers one of the most competitive tax regimes in Europe and has an extensive network of double taxation treaties (DTTs) with more than 50 countries. Cyprus is also included on the OECD ‘white list’, and since its accession to the European Union in 2004, the country’s regulatory regime is in full compliance with EU tax directives. This coupled with one of the lowest corporate tax rates in the EU at 12.5%, places Cyprus high on the list of preferred jurisdictions for international tax planners.

The island is also increasingly becoming a destination of choice in the EU for Fund Managers and Management Companies for the following reasons:

- 35% cap on personal income tax
- 12.5% cap on corporate tax, amongst the lowest in the European Union
- gains from trading in a wide range of securities including shares and units of investment funds are tax exempt
- flexible regulations
- substantially lower operating costs than comparable EU fund centres

Cyprus is continuously upgrading its tax laws in a bid to support the development of its already established international financial and business centre and to attract international investment. Cyprus’s tax regime has been amended to provide further tax incentives for the set up and operation of funds. These provisions include:

- interest received by open and closed end collective investment schemes is considered ‘active’ interest income and taxed only at 12.5% corporate tax (no defence tax)
- no minimum participation on inbound dividends to qualify for tax exemption
- the liquidation of open and closed end collective schemes is not taxable if the unit holders are not tax residents of Cyprus
- if Cypriot tax resident investors have invested in a fund, there is a 3% defence tax on deemed dividend distribution on 70% of the collective investment scheme accounting profits within a two-year period from the tax year to which the profits relate, prorated to those profits attributed to the Cypriot investors
Fund Taxation

- Corporation tax at 12.5% on profits
- Excluded from tax:
  - Dividends received
  - Gains arising from the trading in securities
  - Capital gains arising from sale of property abroad
  - Capital gains from sale of shares of foreign property companies
- No subscription tax on the net assets of the fund
- Effectively only interest received is taxed at 12.5%
- Fund management services provided to alternative funds are not subject to VAT

Investor Taxation

**Foreign investors**
- No withholding tax on dividends
- No taxation on redemption of units
- No deemed distribution restrictions

**Resident investors**
- A withholding tax on dividends of 17% if the investor is a physical person
- No taxation on redemption of units
- No withholding tax if investor is a company
- Deemed distribution of 3% instead of 17%
### Network of Double Tax Treaties

<table>
<thead>
<tr>
<th>Armenia</th>
<th>Mauritius</th>
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<tr>
<td>Austria</td>
<td>Montenegro</td>
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<td>Belarus</td>
<td>Moldova</td>
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<td>San Marino</td>
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<td>United Kingdom</td>
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<td></td>
<td>United States</td>
</tr>
</tbody>
</table>

*Not yet in force*
Business Directory

WHO's WHO in Cyprus

Connect with Key Players Servicing the Fund Sector
Accounting & Auditing
Deloitte Cyprus 57
EY Cyprus 57
Horwath DSP Limited 59
Joannides + Co Ltd 59
KPMG Limited 59
Nexia Poyiadjis Chartered Accountants 60
PwC Cyprus 61

Banking Services
Bank of Cyprus PLC 54
Barclays Bank PLC, Cyprus 55
Eurobank Cyprus Ltd 57
Hellenic Bank Public Company Ltd 58

Capital Market
Cyprus Stock Exchange (CSE) 57

Financial Services Advisory
MAP S.Platis 60

Fund Administration
Alter Domus (Cyprus) Ltd 54
ATG Fund Services 54
BDO Fund Services 55
C. Savva & Associates Ltd 55
CyproFund Administration Services Ltd 56
Fiducenter (Cyprus) Limited 58
Joannides + Co Ltd 59
Nexia Poyiadjis Chartered Accountants 60
Orangefield Fidelico Limited 60
Treppides Fund Services Ltd 61

Fund Management
Forticap 58
GMM Global Money Managers Ltd 58
KMG Capital Markets Ltd 59

Industry Association
Cyprus Investment Funds Association (CIFA) 56

Legal Services
Andreas M. Sofocleous & Co LLC 54
M. Eliades & Partners LLC 60
Pelaghias, Christodoulou, Vrachas LLC 61

Promotion Agency
Cyprus Investment Promotion Agency (CIPA) 56

Regulation & Supervision
The Cyprus Securities and Exchange Commission (CySEC) 56

Software & IT
Confisio Managed Services Ltd 55
ALTERN DOMUS (CYPRUS) LTD

Alter Domus is a leading global provider of Fund and Corporate Services, dedicated to private equity house, real estate firms, multinationals, private clients and private debt managers. Alter Domus has over $48 bn of assets under administration for Fund Administration Clients. We are proud to serve 17 of the 30 largest Private Equity Houses, 16 of the 30 largest Real Estate firms and 3 of the 10 largest Private Debt Managers in the world. Alter Domus is the only global fund administrator with an active and highly experienced team based in Cyprus. The team is part of the global Alter Domus Funds team sharing knowledge, best practices and our highly efficient and capable IT platforms to cater for our clients’ needs. Services include: Fund Launch; Corporate Management; Fund Administration; Accounting; Tax Compliance; Financial Reporting; Depositary Services and Client Portal 24/7 access.

George Rologis
Group Head Strategy & Country Executive Cyprus

ANDREAS M. SOFOCLEOUS & CO LLC

Andreas M. Sofocleous & Co LLC is one of the most successful Corporate and Commercial law firms in Cyprus. Headquartered in Limassol and with offices in Eastern Europe and the UK, the firm provides legal services for individuals and companies at a national and at multinational levels across a wide range of industries, dealing with mergers and acquisitions, cross border transactions, joint ventures, intellectual property licensing, as well as company formation and management and other business arrangements.

Andreas M. Sofocleous
Managing Partner

ATG FUND SERVICES

Choosing a Fund Jurisdiction is all about striking the right balance between the reputation of a place and the flexibility to do business at the right level of cost – a challenge faced by Fund Managers and Investor Principals on a daily basis in our increasingly complex world. We guide our Clients through the maze of the complex investment structures and regulations as their trusted turn-key solution provider. We offer our complete solutions for Investment Funds in Cyprus, Cayman Islands, BVI and Dubai.

Our services include:
- Initial Fund Set-up Advice
- Licensing Application
- Re-domiciliation Application
- Fund Administration
- Registration and Transfer Agent Services

Andreas Athinodorou
CEO

BANK OF CYPRUS PLC

Founded in 1899 and headquartered in Nicosia, Bank of Cyprus is the leading banking and financial services group in Cyprus, with significant market shares across all businesses.

The Group provides a wide range of financial products and services, which include retail and commercial banking, finance, factoring, investment banking, brokerage, asset management, private banking, life and general insurance. A major turning point is the Bank’s recent capital increase of €1bn, making the Bank one of the best capitalized banks in Europe.

Bank of Cyprus is one of the leaders in the Fund Industry in Cyprus, offering a range of services, including Fund structuring and Listing, Fund Management, Custody and Administration Services.
BARCLAYS BANK PLC, CYPRUS
Barclays Bank PLC is the only ‘A’ rated international bank operating within Cyprus, offering comprehensive banking and wealth management solutions to meet the business needs of international corporate clients. With a presence on the island for over 70 years and offices in Nicosia and Limassol, Barclays Cyprus provides the gateway to the wider capabilities of the Group. The locally based Relationship Management teams combine a strong knowledge of the local market with international reach and work closely with clients to offer a breadth of solutions and services including online banking, cash management, trade finance, investment management, treasury and foreign exchange.

HOUSING an extensive range of services, Barclays is the only ‘A’ rated international bank operating within Cyprus. Serving corporate and wealth management clients, Barclays provides a global network that extends to over 1,200 locations in 52 countries and territories. The Cyprus office is located at 23 Kennedy Avenue, Nicosia 1075. The Cyprus office, with its substantial expertise, is often called upon to support clients with a wide range of strategic needs. The Cyprus office works closely with the international teams of the Group to provide clients with a comprehensive range of services.

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BDO FUND SERVICES
Leading expertise in fund/debt advisory and liquidity management. Tailor made solutions for the establishment and management of investment funds and debt structures. Global quality standards administration and support services including: Investment fund structuring and incorporation, Debt structuring and bond issuance (capital structure optimization), Solutions for securities lending/borrowing, Fund Administration, Registrar / Transfer Agent, and Domiciliation.

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C. SAVVA & ASSOCIATES LTD
C. Savva & Associates Ltd (‘S&A’) is a licensed fiduciary provider of Global Business Services in the field of taxation, specializing in investment fund formation and administration. S&A is the second largest provider of regulated investment fund services in Cyprus. Our funds professionals are well positioned to assist throughout the investment fund set up and licensing process, as well as ongoing administration. Since 2009, S&A have been the fastest growing professional services provider in Cyprus. We are acknowledged as the premier corporate services provider as a result of having one of the strongest technical teams on the island, adopting a service minded approach unseen among our competitors, and being the most cost efficient tier-1 provider in Cyprus.

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Who We Are:
We create innovative technological solutions for the financial markets.
We Provide:
Solutions enabling firms to optimally manage complex regulatory and operational challenges in their business.
We Envision:
To add significant value to our customer by constantly being at the forefront of Financial Services Technology.

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BUSINESS DIRECTORY: WHO’S WHO IN CYPRUS

CYPROFUND ADMINISTRATION SERVICES LTD
CyproFund Administration Services Limited a member of the Cyproman group of companies has been dedicated to providing comprehensive fund administration and accounting services to private investment funds both onshore and offshore. Our management and staff have extensive experience in all phases of a fund’s operations, including administration, accounting, transfer agency and compliance. This allows us to provide invaluable advice and counsel on all types of operational and administrative questions as they arise, as well as assist with the necessary valuation of assets. Services provided: Fund accounting services, Transfer agency services, Corporate and Trustee services, Compliance & Anti Money Laundering services.

Costas Christoforou
General Manager

CYPRUS INVESTMENT PROMOTION AGENCY (CIPA)
The Cyprus Investment Promotion Agency (CIPA) has a threefold mandate: To promote Cyprus as an attractive international investment centre in key priority growth sectors; To advocate reform in Cyprus required to improve the regulatory and business environment and infrastructure; To provide investor support with after care and further development services. Established with a Council of Ministers decision, CIPA takes the lead in attracting foreign direct investment in conjunction and partnership with the private sector and related government organizations and agencies. The mission of CIPA is to help its members capitalize on industry trends, shape regulation, enhance professionalism, integrity and quality and promote the Cyprus investments fund industry. The first Board of CIFA is comprised of highly reputable industry professionals experienced in all aspects of the industry, including fund management, advisory, banking, audit and legal.

Christodoulos E. Angastiniotis
Chairman

CYPRUS INVESTMENT FUNDS ASSOCIATION (CIFA)
CIFA is the Association of professionals, businesses and organizations offering services and being involved in the Investment Funds Sector in Cyprus. CIFA focuses on enhancing the high level of sophistication of the Investments Funds Industry and addresses the broad range of needs and issues faced by service providers and businesses involved in the sector. The mission of CIFA is to help its members capitalize on industry trends, shape regulation, enhance professionalism, integrity and quality and promote the Cyprus investments fund industry. The first Board of CIFA is comprised of highly reputable industry professionals experienced in all aspects of the industry, including fund management, advisory, banking, audit and legal.

Angelos Gregoriades
President

THE CYPRUS SECURITIES AND EXCHANGE COMMISSION (CySEC)
The Cyprus Securities and Exchange Commission (CySEC) is the independent public supervisory Authority responsible for the supervision of the investment services market and transactions in transferable securities carried out in the Republic of Cyprus. The operation of the CySEC is governed by the Laws regulating the Structure, Responsibilities, Powers, Organization of the Cyprus Securities and Exchange Commission and Other Related Matters [N73(I)/2009]. The vision of the CySEC is to establish the Cyprus securities market as one of the safest, most reliable and attractive destinations for investment. The mission of the CySEC is to exercise effective supervision to ensure investor protection and the healthy development of the securities market.

Demetra Kalogerou
Chairperson
DELOITTE CYPRUS

Deloitte is one of the largest and fastest-growing professional services organisations in Cyprus providing audit, tax, consulting and financial advisory services through over 500 people from offices in all major cities serving local and international business companies with the support of its global network with 200,000 professionals in over 150 counties worldwide. Deloitte’s service offerings related to Investment Funds include amongst other registration of Alternative Investment Funds as well as Registration of UCITS. Deloitte Investment Services (DIS) provides independent advisory services to UHNWI, HNWI, wealthy families and mid-market institutions. DIS services are focused on wealth advisory, investment advice and planning, family office, investment consulting and corporate investments. For more information visit www.deloittewealth.com.

Christis M. Christoforou
CEO

EUROBANK CYPRUS LTD

Eurobank Cyprus Ltd has been operating in Cyprus for the past seven years. Focusing on the wholesale side of business – specifically in the areas of Corporate & Investment Banking, Private Banking, International Business Banking, and Treasury Sales – its operating model is distinct from the rest of the banking industry in Cyprus. Its strong capital base, substantial liquidity, and solid financial results allow Eurobank Cyprus to continue its dynamic growth and its ongoing support of the Cyprus economy.

Michalis Louis
Chief Executive Officer (CEO)

EY CYPRUS

EY is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 195,000 people are the foundation of our success. In serving our clients, we work with them in a collaborative way, bringing together the right people, in the right place, at the right time. We combine leading practices, methodologies and tools, together with fresh thinking, tailoring our services to our clients business needs. In Cyprus, EY has its roots in the 1930s. It has an excellent reputation amongst the local business community as a high quality provider of professional services. It maintains offices in Nicosia and Limassol and offers a full range of Assurance, Tax, Transaction and Advisory services.

Andreas Demetriou
Managing Partner

THE CYPRUS STOCK EXCHANGE (CSE)

The Cyprus Stock Exchange (CSE) is a regulated exchange where all activity concerning corporate and public listed securities is carried out. More specifically, the CSE offers a full range of products and services including among others, listing, trading, clearing, settlement and registration in its Central Securities Depository. Within its strategic aim of better servicing the investors and market participants, the CSE has recently introduced in the market a full range of new services and products, focusing on offering them at even more simplified procedures and at a lower cost level.

Nondas Cl. Metaxas
Director General – CEO
**FIDUCENTER (CYPRUS) LIMITED**

Fiducenter is an independent professional service provider, with Luxembourg origins and more than 30 years of existence. It is present in four of the most attractive financial centres in the world, Luxembourg, Cyprus, Singapore and Malta. We provide a comprehensive range of international business services, including professional consultation, advisory services, formation of companies, trusts and other investment and business vehicles and much more. Specifically for investment funds, we provide a wide range of services, such as: Formation – Design and implementation of an appropriate corporate and organisational structure. Sourcing officers/providers (directors, manager, custodian). Preparation and administration of the application for obtaining authorization. Administration – Computation of Net Asset Value, Processing subscriptions/redeemptions, Maintaining unit holder register, Dealing with correspondence.

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**GMM GLOBAL MONEY MANAGERS LTD**

GMM Global Money Managers Ltd was established in 2013 and is the first Cyprus-based fund management company, setting up, running and managing mutual funds in line with the most recent UCITS IV Directive. The company through an extensive range of potential investment options (mutual funds and related products such as ETFs, SIFs, AIFs etc.), is seeking to provide effective geographical coverage and achieve diversification of investment risk in international money and capital markets. GMM’s management team and associates are well reputed with many years of experience and their primary aim is to safeguard invested capital and generate optimal yields for the small, medium and large portfolios of both private individuals and institutional investors.

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**HELLENIC BANK PUBLIC COMPANY LTD.**  
- **GLOBAL MARKETS & INTERNATIONAL BANKING**

Hellenic Bank is a leading financial institution in Cyprus providing a full spectrum of products and services to the international business community including: A wide range of services, tailored to the clients’ needs; Speed and efficiency of execution of payments including same day value. Highly competitive pricing. International Business Centers certified to the ISO 9001:2008 standard. ‘The Best Consumer Internet Bank’ and ‘The Best Corporate/Institutional Internet Bank’ in Cyprus as recently awarded by the ‘Global Finance’ magazine. A leading provider of custodian services repeatedly granted the “Top Rated Custodian in Cyprus” award. An award winning, Private Banking service.

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**FORTICAP**

FORTICAP is an EU Fund Management and Alternative Management Company operating as an open architecture enabling third parties to launch their own Alternative Investment Funds and UCITS funds. A ‘plug and manage’ solution for Portfolio Managers, Wealth Managers, Family Offices, Financial Advisors/Planners and Business Managers. Fund initiators benefit from cost-effectiveness through economies of scale, back office support, administration and supporting services for the establishment and operation of regulated funds. The concept is centered on full support of fund initiators under our AIF or UCITS umbrella funds from the inception stage and throughout the life of the fund in matters of regulation, management, operation and distribution.

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Yiannis Demetriades
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Joannides + Co Ltd is a firm of public accountants and management consultants, established in 1979. The firm is a member of AGN International a worldwide association of independent accounting and consulting firms, with offices in Nicosia, Limassol and Larnaca. The firm offers its services with the utmost integrity, independence and objectivity and adopts a practical and proactive approach in offering services in a rapidly changing regulatory and business environment. The core services of the firm are: Audit and assurance; International tax planning; Trust and funds administration; Business support services; Management consulting.

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KPMG Capital Markets is a fully licensed Super ManCo and AIFM operating exclusively to enable fund managers to convert their fund structures into fully compliant AIFMD and UCITS funds. We offer an outsourced turnkey solution to meet ever-increasing EU regulatory requirements. By appointing KMG Capital Markets as your external authorised AIFM or UCITS manager your investment vehicles become AIFMD / UCITS compliant and can be marketed into the EU under our EU distribution passport. We become responsible for the overall regulatory requirements of your investment vehicles, leaving you to focus on the portfolio management of your fund.

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KPMG Limited traces its origins back in 1948, and today it is one of the largest and most reputable audit, tax and advisory firms in the Cyprus market. Our Fund Services practice is a market leader in Cyprus, serving local and international clients for more than 15 years. We provide comprehensive audit, tax, advisory and regulatory services to fund managers in setting up and operating through Cyprus. The combination of our strong local practice along with the global reach of the KPMG international network of specialists which spreads across 155 countries, places us in an optimal position to provide added value services to our clients.

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ORANGEFIELD FIDELICO LIMITED

Orangefield (Cyprus) is part of Orangefield Group, an independent global service provider with a wide range of services including fund administration, management, corporate and trust services to private and corporate clients with a strong presence in several locations including New York, London, Amsterdam, Luxembourg, Hong Kong, Singapore and many others. The Group currently administers international funds of around EUR 30bln with one of the most advanced software in the market. Its simultaneous presence in almost 20 major jurisdictions worldwide arms to provide one-stop shop services in order to meet every client’s expectations on wealth management and structuring. Orangefield (Cyprus) Limited is an Administrative Service Provider licensed and regulated by Cyprus Securities and Exchange Commission and a registered Nominated Advisor with the Cyprus Stock Exchange.

M. ELIADES & PARTNERS LLC

With over 40 successful years of service to the international business community, Eliades & Partners is today considered one of the most distinguished commercial law firms in Cyprus and offers a complete range of legal and company services to international and local clients at cost effective and competitive rates. Our firm proudly employs a legal elite of seasoned experts in the fields of corporate law, banking law, shipping and maritime law, property and real estate law, foreign investments, arbitration, conveyance, litigation and international contracts to name a few. Eliades & Partners maintains worldwide professional relationships in more than 110 countries around the world through its membership and alliance with Geneva Group International, The International Bar Association, The International Tax Planning Association and The Chartered Institute of Arbitrators.

MAP S.PLATIS

MAP S.Platis is a leading and specialized consulting firm for financial services companies in Europe and MENA. Our award-winning team provides unique and tailored solutions for the financial services sector in global licensing, compliance and risk management, internal audit, legal corporate support, accounting, taxation, financial audit, EMIR reporting solutions, banking and payment solutions. Our company has been responsible for over 60% of all licenses issued by CySEC under MiFID with an impeccable 100% success rate. Our portfolio of clients includes some of the largest and most successful financial services companies in the world operating in the FX, Binary Options, Asset Management, Banking and Payment Services sectors.

NEXIA POYIADJIS CHARTERED ACCOUNTANTS

Founded in 1969, Nexia Poyiadjis is the exclusive member of Nexia International in Cyprus, a leading worldwide network of independent accounting firms, providing audit, accounting, tax and advisory services. Nexia Poyiadjis is actively involved in the Cyprus Investment Firms and Funds industry, specializing in Financial Services, and providing audit and assurance services to regulated entities and funds, as well as fund advisory, administration, and support services. The firm presently operates from prestigious offices located in Nicosia, Limassol and Kakopetria.

ORANGEFIELD FIDELICO LIMITED

Orangefield (Cyprus) is part of Orangefield Group, an independent global service provider with a wide range of services including fund administration, management, corporate and trust services to private and corporate clients with a strong presence in several locations including New York, London, Amsterdam, Luxembourg, Hong Kong, Singapore and many others. The Group currently administers international funds of around EUR 30bln with one of the most advanced software in the market. Its simultaneous presence in almost 20 major jurisdictions worldwide arms to provide one-stop shop services in order to meet every client’s expectations on wealth management and structuring. Orangefield (Cyprus) Limited is an Administrative Service Provider licensed and regulated by Cyprus Securities and Exchange Commission and a registered Nominated Advisor with the Cyprus Stock Exchange.

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PELAGHIAS, CHRISTODOULOU, VRACHAS LLC
Our Firm Pelaghias Christodoulou Vrachas LLC was founded in 1920 and is one of the most established and oldest law Firms in Cyprus. It provides international clients sophisticated, premier-quality work in high-stakes international legal services. Since then our Firm has been constantly growing and became a Member of two international networks for lawyers, GLOBALAW and LEXICOM. Our firm has established strong links with competent practitioners especially in Europe and U.S.A. Line of Business: Corporate Taxation, Shipping, Property, Immigration, IP, Commercial, General Litigation and Energy.

PWC CYPRUS
We are striving to offer our clients the value they are looking for, value that is based on the knowledge that our teams draw from 184,000 experts in 157 countries and based on experience adapted to local needs. PwC Cyprus focuses on two main areas: Assurance & Advisory Services and Tax & Legal Services. We work closely with our clients. We ask questions. We listen. We learn what they want to do, where they want to go. From all our international knowledge we share with them the piece that is more suitable for them and thus we support them on how to achieve their goals. Our position is strengthened with our more than 900 professionals and our offices throughout Cyprus.

TREPPIDES FUND SERVICES LTD
TFS provides the highest level of professional services to a wide range of fund related structures, including formation, licensing, accounting and administration. We cover a plethora of fund structures from a variety of jurisdictions including inter alia BVI, Cayman, Cyprus and Malta. We are fully aware that each fund structure is created with its own unique investment strategy and differentiated by factors such as geographical focus, size and type of investment, risk attitude and investor type. This enables us to advise and assist with the structure, licensing procedure and support listed and non-listed funds with high quality fund administration services, compliance and reporting.
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All reasonable care is taken to ensure truth and accuracy, but the editor and publishers cannot be held responsible for errors or omissions in articles, advertising, photographs, or illustrations.
Famagusta Gate is the largest and most impressive of the three gates of the walls of Nicosia. Built in 1567 by the Venetians, and originally called the Porta Giuliani after its designer, it served travellers entering and leaving the city from the east of the island.
Cyprus’ copper talanton, 1600-1100 BC, representing one of the most ancient forms of a common currency.

Dimensions: 72cm x 35cm, weight: approx. 39kg

Invest in Cyprus

Invest in Us

Cyprus, an international business hub since antiquity.
Invest in Cyprus  Invest in Us

A Glimpse of Cyprus  2
Foreign Direct Investment  4
A Bright Future  5
Why Cyprus?
• Strategic Location
• Member of the EU & the eurozone
• Regulatory Framework
• Effective Tax Planning
• Infrastructure
• Ease of Doing Business
• Value for Money
• Human Talent
• Quality of Life

Focus Sectors  12
• Professional Services
• Banking & Finance
• Investment Funds and Trusts
• Shipping
• Tourism
  • Health & Wellness Tourism
  • Large Scale Development Projects
• ICT
• Education
• Energy
  • Oil & Gas
  • Renewable Energy Sources

Incentives  18
CIPA’s Mission Statement  22
• Our Network
A GLIMPSE OF CYPRUS

CYPRUS, STRATEGICALLY LOCATED AT THE CROSSROADS OF EUROPE, ASIA AND AFRICA, HAS BEEN AN IMPORTANT CENTRE OF TRADE SINCE ANTIQUITY.

Cyprus, a Member State of the European Union since 2004 has developed into an ideal hub, swiftly becoming the international destination of choice for doing business.

This small but dynamic country has a long established reputation as a “centre of excellence” for international business activities and retains unique clusters of expertise and service capability to support key growth sectors of the economy.

Cyprus is a diversified, open-market economy, with a highly-educated workforce and a commitment to facilitate business in a cost-effective manner. Moreover, it offers ease of doing business in an investor-friendly environment, which is connected to an efficient business infrastructure and a rich and sophisticated business culture, while pristine beaches and enviable weather perfectly blend a superb quality of life with maximum business benefits.

The island, which is famous for its warm, hospitable and welcoming people, has transformed itself into one of the most attractive FDI destinations in the region, where, among other advantages, market access to more than 500 million EU citizens is readily available.

CYPRUS facts:
- Location: 35° N and 33° E
- Time Zone: GMT+2
- Area: 9,251 km²
- Population: 862,000 (2011 census)
- Currency: Euro
- Capital: Nicosia
- Official languages: Greek & Turkish; English is the business language
- Political system: Presidential Democratic Republic

International memberships
- United Nations (1960)
- The Commonwealth (1961)
- The Council of Europe (1961)
- The International Monetary Fund (IMF) (1962)
- The World Bank (1962)
FDI into Cyprus reached its peak at €2.5 billion in 2009, followed by a decrease during 2010, which was mainly due to the global economic crisis. Inward FDI recorded another rise in 2011 with an estimated decrease in 2012. It is cautiously anticipated that the discovery of natural gas reserves in Cyprus’ Exclusive Economic Zone (EEZ) will have a significant impact on future foreign direct investments into Cyprus.

Inward Direct Investment Flows (EUR mln)

FDI by economic activity
(Latest figures as of 2011)
- Wholesale and Retail Trade €420mln (42.6%)
- Professional, Scientific & Technical Activities €359mln (36.4%)
- Financial & Insurance Activities €254mln (25.7%)

*estimated forecast
Source: Statistics Department, Central Bank of Cyprus
Cyprus has approached the recent global, but also its own, economic challenges as an opportunity to reassess, recalibrate and refocus on core and emerging strengths. In this respect, Cyprus is not only taking measures to retain its unique advantages as a quality and high standard international business centre, but is also looking to capitalise on opportunities developing around the region and within the country.

In this effort, the country counts on its most valuable and distinctive asset: its people. Our skilled, well-educated and internationally experienced people, who ensure the country’s competitive advantages are maintained, are using their resourcefulness, entrepreneurship and professionalism to develop existing and new sectors such as the audiovisual industry, R&D, education, health and sports tourism and, of course, energy. This is reflected in the cluster of services and activities which Cyprus supports, providing an important, value-added infrastructure.

Cyprus is actively developing the potential of significant natural gas deposits discovered in its Exclusive Economic Zone (EEZ). These reserves have made Cyprus’ geographic location gain further strategic importance, as it is located in the very centre of the Eastern Mediterranean’s Natural Gas reserves. Developing the natural gas industry, as well as other related ones, constitutes a key move in terms of the country’s economic diversification and opens up great prospects for the economy as a whole, while also providing excellent opportunities to foreign investors.

Other aspects of the economy and the overall investment environment are also being developed further and driving the country’s competitiveness in doing business. Operating expenses, as well as labour costs, have been reduced significantly, leading to a visibly more competitive cost structure of doing business.

At the same time, an additional welcome development is the fact that government institutions are themselves being overhauled and reformed. Various mechanisms and procedures, as well as legislation where needed, are being reviewed and revised in many respects, allowing for significantly smoother and more efficient business environment. Cyprus is, therefore, not only becoming more competitive on a cost basis, but also significantly more efficient, attractive and friendly towards FDI in general.

Furthermore, the Government has already introduced a series of incentives, offering a large variety of benefits to drive employment, support existing businesses, while also boosting new investments.

It comes as no surprise that recent developments and the positive prospects of the economy have led to a surge in investment interest, as well as in actual investments in a number of sectors, including leisure & tourism, land development and energy, while further projects, such as the establishment of an integrated resort casino, a technological park and others, are expected to proceed within 2014.

Data collected by the Cyprus Investment Promotion Agency show a surge in investor interest by 12% in 2012 and a further estimated 21% in 2013.
IN TODAY’S GLOBALIZED ECONOMY, COMPANIES ARE SEARCHING FOR THAT CRUCIAL COMPETITIVE EDGE THAT WILL ALLOW THEM TO DEVELOP AND GROW INTO BETTER AND BIGGER ORGANISATIONS. CYPRUS PROVIDES THE COMPLETE VALUE PROPOSITION THAT WILL MEET THE DEMAND OF COMPANIES, AS WELL AS CLIENT EXPECTATIONS.

Strategic Location

Cyprus is Europe’s eastern outpost at the crossroads of three continents - Europe, Africa and Asia – providing a gateway to and from each one of them. The country’s geographical location has been considered of strategic importance in global trade for thousands of years. Recently, the discovery of natural gas resources and possibly oil has further upgraded the strategic importance of the island, which is also considered to be a stabilising factor in the region’s political developments.

EU Member State & Member of the European Monetary Union

The Republic of Cyprus became a full member of the EU on May 1st 2004. Accession to the EU was a natural choice for Cyprus, driven by its culture, civilization and history, as well as its unwavering commitment to the values of democracy, freedom and justice. Cyprus successfully assumed the EU Presidency from July to December 2012.

At the start of 2008, Cyprus joined the European Monetary Union, leveraging a robust economic performance recorded by key economic indicators. Joining the eurozone meant that investors could take advantage of the opportunity to freely access the 500 million EU market, while also benefiting from fewer risks, lower costs and increased price transparency across the eurozone.

Accession to the EU and the eurozone launched a new era of commitment to quality and growth in Cyprus. Furthermore, the country continues to encourage Foreign Direct Investment opportunities in priority economic growth sectors, including amongst others:

- Professional Services
- Banking & Financial Services
- Investment Funds
- Shipping
- Real Estate & Large Scale Development Projects
- Information Communication Technologies
- Research & Development and Innovation
- Education
- Oil & Gas
- Renewable Energy and Environmental Technologies
- Medical & Wellness Tourism

Today, Cyprus actively participates in EU programmes, focusing on strengthening growth in various economic sectors, as well as entrepreneurship and innovation across sectors and processes.

Regulatory Framework

Cyprus has a comprehensive, modern and forward-looking legal and regulatory framework based on English Common Law principles. The country’s legal framework is widely recognized as a business-friendly and effective system, that allows for reliable and transparent business practices.

The Cyprus Investment Promotion Agency has a leading role in constantly developing and modernizing the country’s legal framework by promoting new and improved legislation in a number of areas, always aiming at further improving the overall investment environment.

Naturally, being a European Union member state Cyprus’ legal framework is aligned with EU laws and regulations (the “acquis communautaire”).

Taxation

Cyprus offers possibly the most attractive tax system in Europe as well as one of the most appealing and simple systems in the world. The country provides an effective and transparent tax regime that is fully compliant with EU laws and regulations. In addition, the Organisation for Economic Cooperation and Development (OECD) includes Cyprus on its “white list” as one of the 45 countries that have introduced and implemented the highest of internationally agreed standards on harmful tax practices.

A brief outline of Cyprus’ tax framework:

Corporation tax: flat rate of 12.5%

Exemptions from tax for companies:

- Complete exemption on dividend income in almost all instances;
- On trading profits of foreign branches of Cypriot companies;
- Unconditional capital gains exemption on gains /
profits from the disposal of shares regardless of holding period or shareholding percentage as well as bonds and debentures and many other securities;
• No tax on capital gains from the sale of immovable property outside Cyprus;
• Deemed deduction of 80% on the net income derived from intellectual property (see relevant section further below).

No withholding tax at all times on:
• Dividends paid to non-resident shareholders;
• Interest and most royalties paid from Cyprus;
• Capital gains and income on the disposal of either the shares of the subsidiary’s share capital or the share of the Cypriot holding company;
• No exit taxes on the liquidation or capital reductions of a Cypriot holding company.

In line with its efforts to continuously improve the investment environment and make it even more attractive, the Government of the Republic of Cyprus has recently announced a series of additional taxation incentives aiming at promoting growth:

• The provision for an increased 25% discount on taxable income payable by employers for each additional employee hired;
• 100% tax deduction until 2016 on capital expenditure related to innovation, research, information, communications and renewable energy;
• The extension until 2016 of the increased tax deduction, with a minimum 20%, on capital expenditure on other assets.
Double Taxation Treaties
In addition to the above, Cyprus has an extensive and constantly growing network of attractive Double Taxation Treaties (DTTs), which supports the overall tax system and forms a significant part of the overall system’s attractiveness. The objective of the DTTs is to ensure that the same income is not taxed in more than one country, which provides for reduced or nil withholding taxes on dividends, interest and royalty flows between the countries. Furthermore, these agreements allow the tax payable in the other country involved to be treated as credit against tax payable in Cyprus. Therefore, the item of income is charged to tax only once or is not subject to taxation twice. At the moment the ratified treaties in place are 46 while a number of others are under negotiation.

DTTs:
Armenia, Austria, Belarus, Belgium, Bulgaria, Canada, China, Czech Republic, Denmark, Egypt, Finland*, France, Germany, Greece, Hungary, India, Ireland, Italy, Kuwait, Kyrgyzstan, Lebanon, Malta, Mauritius, Moldova, Montenegro, Norway, Poland, Portugal*, Qatar, Romania, Russia, San Marino, Serbia, Seychelles, Singapore, Slovakia, Slovenia, South Africa, Sweden, Syria, Tajikistan, Thailand, Ukraine, U.A.E., United Kingdom and the United States of America.
* Effective January 1st, 2014

The updated list of DTTs can be found at www.investcyprus.org.cy

Income Tax of Individuals
Cyprus offers one of the lowest income tax regimes in Europe with taxation of individuals ranging from 5% to a maximum of 35%. An individual tax resident of Cyprus is an individual who resides in the republic for more than 183 days in a calendar year. Cyprus tax residents are taxed on income earned both in Cyprus and abroad, whereas non-tax residents are taxed on certain income earned from Cyprus sources only.

The following tax provisions apply to individuals:
• 50% of salaried income from first employment in Cyprus in the first five years if annual remuneration exceeds €100,000;
• Alternatively, 20% of salaried income from first employment in Cyprus in the first three years with a maximum deduction of €8,550;
• No tax on profits of a permanent establishment abroad and on salary earned abroad (90-day rule), under certain conditions;
• No tax on profits gained from the sale of securities such as shares, bonds, debentures etc.;
• Lump sums received in the form of retirement gratuity, compensation for death or injuries, provident fund, pension fund or other approved funds are exempt from tax;
• No inheritance tax.
International Trusts
Cyprus international trusts are widely used as a vehicle for international tax planning, offering the following tax advantages:
• Income and gains of a Cyprus international trust are exempt from any Cyprus taxes;
• Dividends, interest or other income received by a Cyprus international trust are also not subject to any Cyprus taxes;
• No capital gains tax is charged on the disposal of assets of a Cyprus international trust;
• No withholding tax on distributions made by a Cyprus international trust to beneficiaries or indeed any other parties;
• Exemption from taxation in the case of an alien who creates an international trust in Cyprus and retires in Cyprus under certain conditions.

Intellectual Property Tax
Cyprus seeks to promote Research, Development and Innovation, in line with EU strategy.

Tax law provisions introduced in 2012 provide for generous exemptions from tax of income related to IP under certain conditions. More specifically:
• 80% of any income generated from IP owned by Cyprus resident companies (net of any direct expenses) is exempt from income tax,
• 80% of profit generated from disposals of IP owned by Cyprus resident companies (net of any direct expenses) is exempt from income tax,
• any expenditure of a capital nature for the acquisition or development of IP may be claimed as a deduction in the tax year in which it was incurred and the immediate four following years.

Consequently, the Cyprus effective tax rate on IP related incomes and gains is below 2.5%.

Infrastructure
One of Cyprus’ biggest and most important competitive advantages is its well advanced infrastructure, which is further enforced and supported by its compact size. Cyprus has a robust telecommunication system, two newly-built international airports (Larnaca, Paphos) and two multi-purpose deep sea ports (Limassol, Larnaca).

Larnaca and Paphos are the third and fourth largest cities situated on the south-east and south-west coasts respectively. More than 35 international airlines operate scheduled flights from and to Larnaca International Airport (5 km from Larnaca’s town centre) and Paphos International Airport (15 km east of Paphos town). Paphos Airport was inaugurated in 2008 with passenger traffic of more than 2.2 million in 2012. The new airport in Larnaca opened in 2009 and handled more than 5.2 million passengers in 2012.
Furthermore, all cities in the country are connected with motorways, which means that the longest drive from city to city does not exceed 1 hour and 20 minutes!

Easy connectivity to various Wi-Fi networks is widely available as well as 100% mobile coverage throughout the country.

**Ease of Doing Business**

Cyprus has developed into an international quality business centre that offers specialized services and rewarding business opportunities. The country caters to the diverse needs of international investors by enhancing the “ease of doing business”.
- Forbes Magazine’s 2012, Best Countries for Doing Business report ranked Cyprus 25th out of 144 countries.
- Bloomberg’s 2012 Best Countries for Doing Business Report ranked Cyprus 32nd out of 161 countries.

**Value for Money**

Cyprus is a dynamic business centre that offers top level financial, legal, technical and management services at competitive rates, making it a uniquely attractive destination for foreign investors. This competitive advantage is clearly not unrelated to the population’s inherent culture towards service, education and international engagement. A vast number of experts in numerous fields such as accounting, auditing, legal, banking, architecture & design, business administration, etc. have a combined background of international education with international work experience. At the same time, the cost of doing business in Cyprus has been declining over the past 12 months and is expected to become even more competitive over the coming years.

**Human Talent**

Human talent is probably Cyprus’ most compelling competitive advantage since it forms part of the people’s culture and history. Cypriots are highly educated, qualified and almost all are bilingual, if not multilingual. Most importantly, however, business is still done with a personal touch.
- 2011 statistics by EUROSTAT reveal that more than 35% of Cypriots in the 25-64 year age bracket have attained tertiary education, significantly higher than the EU-27 average of 26.8%.
- Moreover, 2011 statistics by EUROSTAT reveal that more than 50% of Cypriots in the 30-34 year age bracket have attained tertiary education, which places Cyprus’ highly educated young workforce significantly higher than the EU-27 average of 34.6%.

*Cyprus ranks amongst the top countries in Europe for tertiary education per capita!*
Cyprus is actively supporting various projects that augment the island’s learning and innovative capacity and status as a knowledge economy.

Quality of Life

Cyprus offers an enviable lifestyle in a clean and healthy environment with a high standard of living. Living and working in Cyprus are directly related to fabulous weather, beautiful nature, art and culture, safety, security, and above all, hospitable and warm people. It is the combination of all these factors that makes the experience of living on the island extremely desirable and attractive. The balance between work and family part of everyday life, which is unique and truly difficult to match.

Cyprus combines an international competitive business environment with a pleasurable and balanced way of life.

- The UNDP Human Development Index Report 2013 ranked Cyprus 31st out of 187 countries for the quality of life.

Arts and culture have a long tradition in Cyprus, with historical monuments dating back to 10,000 BC. The capital of Nicosia has over seventeen museums, showcasing a broad array of archaeological collections, Byzantine icons, coinage, paintings and other cultural treasures. Cyprus hosts several artists and painters, while the gallery community has grown steadily in the last few years. The performing arts are flourishing. Throughout the year, local and international festivals, concerts by renowned performers and other events take place in ancient and modern open-air amphitheatres, including international independent film festivals, annual classical music festivals and an opera festival at the end of the summer season.

Gastronomy and wine have a long tradition in Cyprus. Local cuisine, based on the Mediterranean diet, offers many culinary treasures ranging from healthy salads, vegetable appetizers and the famous halloumi cheese, to main courses which include spit-roast lamb, pork marinated in wine, and scrumptious honey-dipped deserts and preserved fruits using recipes dating back hundreds of years.

Crime rates are very low and the sense of general safety and security is evident across the country.

Commutes are minimal. The island has a well-developed network of highways linking all main destinations.

With pleasant weather throughout the year, sports enthusiasts can ski in February, swim and kitesurf until October, while biking, tennis and golf are enjoyable all year around!
FOCUS SECTORS

CYPRUS IS NOT ONLY ONE OF THE BEST PLACES TO LIVE AND WORK, IT ALSO OFFERS NUMEROUS STRUCTURAL ADVANTAGES FOR INVESTORS, WHILE DEVELOPING ATTRACTIVE INVESTMENT OPPORTUNITIES IN A VARIETY OF KEY GROWTH SECTORS, SUCH AS PROFESSIONAL SERVICES, BANKING & FINANCE, INVESTMENT FUNDS, TRUSTS, SHIPPING, HEALTH TOURISM, SPORTS TOURISM, LARGE SCALE DEVELOPMENT PROJECTS, ICT, EDUCATION, R&D AND INNOVATION.

In addition, the Energy Sector is expected to play a catalytic role in the future development of the country and its economy as a whole. Significant hydrocarbon reserves, recently discovered in the country’s Exclusive Economic Zone (EEZ), offer tremendous opportunities for the mid- and long-term prosperity of the country.

Strategically, Cyprus is likely to play a key role with respect to regional and European energy policy and strategy, as it is expected to evolve into an Eastern Mediterranean Energy Hub.

In addition, the development of renewable energy, where Cyprus is also blessed due to its geographical location, is expected to offer attractive investment opportunities.

Professional Services

Cyprus is recognized as an international centre of excellence for the provision of professional services, including accounting and legal. Notably, the Institute of Chartered Accountants in England and Wales and the Chartered Institute of Management Accountants have chosen Cyprus as the first country in the world to train UK Chartered and CIMA accountants outside the United Kingdom, as well as to organize the training of UK Certified Accountants on the island.

Accounting Services

Cyprus offers a wide range of professional accounting, auditing, management consultancy, taxation, financial advisory and other administrative services to both the private and public sectors.

- There are 3,699 active, English-speaking, registered accountants in Cyprus (Sept. 2013);
- There are more than 120 limited accounting firms and 40 partnerships operating in Cyprus;
- Top international accounting firms are established in Cyprus providing services to local as well as international investors;
- Cyprus follows the International Financial Reporting Standards (IFRS).

Legal Services

Cyprus’ legal system is based on English Common Law principles. As a member of the European Union, Cyprus has incorporated the body of laws and regulations of the EU known as the acquis communautaire.
The industry provides quality legal services in areas such as international law, corporate administration and management services, while most large law firms are affiliated or collaborate with international law firms.

- There are over 2,500 registered advocates and 160 limited liability law firms providing a wide range of legal services in Cyprus;
- Most of the practising lawyers in Cyprus studied and/or qualified in England.

**Banking & Finance**

The Cyprus financial services sector is diverse, comprising domestic banks, International Banking Units (IBUs), insurance companies, and other companies that offer financial intermediation services. Many foreign banks from the Middle East, Europe and Asia operate subsidiaries, branches or representative offices in Cyprus.

Cyprus banking & financial services sector legislation is in line with international best practices and has a simplified, effective and transparent tax system, which is fully EU, OECD, FATF and FSF compliant. Commercial banking arrangements and practices follow the British model, all banks maintain correspondent networks around the world and are able to carry out both traditional and specialised financial transactions.

Banks located in Cyprus offer an array of services ranging from asset management, private banking, international, corporate and investment banking, retail banking, syndicated loans, custodian services and more. In line with business changes, Cyprus’ banking infrastructure has rapidly evolved and adopted the use of advanced technology systems, implemented measures to reduce risk management along with the acquisition of highly-trained personnel.

Cyprus has a business-friendly tax system, which provides specific exemptions and incentives for investment. Even after the Eurogroup’s decision (March 2013), Cyprus retains its competitive advantage as a financial centre.

**Investment Funds**

With the new EU regulatory framework changing in the funds industry, Cyprus is emerging as an attractive investment funds jurisdiction, providing solutions for the establishment of private and public investment funds (Alternative Investment Funds and UCITS), as well as fund managers.

In recent months, the Cypriot regulatory authorities have worked diligently to bring the funds framework in Cyprus up to par with other international jurisdictions. These efforts include the transposition of the Undertakings for Collective Investment in Transferable Securities (UCITS) IV Directive in 2012 and the Alternative Investment Funds Managers Directive (AIFMD) in 2013. Through the laws transposing these two directives, Cyprus offers a European passport to the fund management industry and outstanding possibilities for cross-border and global fund distribution.

From Ancient Kourion in the 2nd century A.D. to the new Cyprus Theatre Organisation building (2012), Cyprus has maintained its rich theatrical culture throughout the ages.
Moreover, Cyprus combines a strong banking infrastructure with low costs while complying with EU fund regulations and international best practices. Experienced and recognized service providers are capable of servicing a wide range of funds and providing operational support and reporting solutions for all EU and non-EU distribution countries at competitive rates. Service providers support funds throughout their entire life cycle: regulatory approval, administration, custody, annual audit, listing on the Cyprus Stock Exchange (if applicable), order routing, registration, clearing and settlement.

The alternative investment funds industry in Cyprus has experienced exponential growth in the last few years, with more than 50% of recognized ICIS (International Collective Investment Schemes) having been established over the last three years. Significant interest has also been expressed in the establishment of both UCITS Management Companies and UCITS funds during 2013. These trends are widely expected to continue considering all the recent and upcoming developments taking place which will modernize the legal framework and put Cyprus firmly on the map of competitive funds jurisdictions.

**Shipping**

Cyprus is an internationally renowned shipping centre, home to some of the world’s leading names of the global shipping industry. The country’s accession to the European Union, in 2004, further boosted the reputation and overall image of the Cyprus flag and the infrastructure of Cyprus’ shipping in general.

The country’s unique geographical location at the crossroads of three continents, its advanced infrastructure and services, as well as the very competitive shipping taxation and other strategic advantages, make Cyprus the ideal location for ship owning, ship management, ship chartering and ancillary shipping-related services.

**Facts about Cyprus’ shipping sector**

More than 140 ship owning, ship management and shipping related companies controlling a merchant fleet of 2,200 vessels, with 50 million Gross Tonnage.

• **10th** largest merchant fleet in the world
• **3rd** largest merchant fleet in the EU
• **2nd** largest Ship Management Centre in the world
• **Large third party Ship Management Centre in the EU**

Cyprus has the only EU-approved “Open Registry” Regime with a very wide and legally endorsed Tonnage Tax System (TTS), which was introduced with the Merchant Shipping Law in 2010 and covers the three main “maritime transport” activities: ship owning, ship management, (crew and technical management), and chartering.

**In summary, advantages of the Cyprus TTS include:**

• No tax on shipping activities other than “Tonnage Tax”
• No tax on shipping profits including profits from the sale of ships
• No tax on dividends paid from shipping profits

**In addition to tax incentives and the country’s excellent geographical location, Cyprus maintains its competitive advantages through a high quality maritime cluster, offering efficient and quality services, as well as:**

• Competitive ship registration fees
• Recognition of Competence Certificates from many countries
• Bilateral agreements of cooperation in merchant shipping with 23 countries
• Classification of the Cyprus flag on the “White List” of the Paris and Tokyo MoUs
• Beneficial owners’ protection through nominee or trustee shareholders

Cyprus has adopted a maritime safety policy, which focuses on the effective control of ships and the improvement of the quality of the country’s merchant fleet. Cyprus’ Maritime Offices are located in Limassol (Cyprus), as well as Hamburg (Germany), New York (USA), London (UK), Athens (Greece), Rotterdam (Netherlands) and Brussels (Belgium).

**Tourism**

Tourism has been an important growth sector of the Cyprus economy and continues to offer untapped potential from investments in specialised sectors such as luxury, health and lifestyle.

Thanks to its outstanding Mediterranean climate, the island offers natural landscapes, beautiful beaches and fascinating history - the perfect location to explore a variety of different investment opportunities.

Cyprus, famous for its numerous beaches and crystal clear waters, is the:

• No. 1 tourism location with the cleanest sea waters in Europe
• No. 1 country in the world with the most “Blue Flag” beaches

Furthermore, Cyprus was compared against 140 countries in the World Economic Forum’s, “Travel & Tourism Competitiveness Report 2013” and came:

• 21st best Travel & Tourism business environment & infrastructure
• 22nd best Travel & Tourism regulatory framework

**Health & Wellness Tourism**

Medical tourism is a fast-developing industry that combines medical & wellness treatment with a vacation. Cyprus offers all the prerequisites to further develop into a well-recognized international Health & Wellness
Tourism destination. The country already fulfills a number of important criteria, such as strategic location, mild Mediterranean climate, existing network of high standard hospitals and clinics, luxury hotels and existing tourism infrastructure, ease of foreign languages, as well as the expertise of internationally educated doctors.

- The share of expenditure on health care as a percentage of GDP was almost 8% in 2012.
- 60,000 health travelers visited Cyprus according to a Cyprus Tourism Organization Study in 2010.
- There are 6 state general hospitals and approximately 80 private hospitals and clinics on the island.

In October 2013, the EU Directive on Cross Border Healthcare is due to be implemented in all EU countries. The Directive will extend freedom of choice in healthcare to Europeans looking for alternative healthcare solutions and treatment abroad.

Large-Scale Development Projects

Cyprus is not only an attractive place to do business, but also a unique place to reside. Real Estate has been one of the key growth sectors for decades, representing a significant portion of the country’s GDP. Cyprus continues to offer a unique attractiveness for holiday homes. In addition, with 326 days of sunshine and its enviable lifestyle, the island is a popular destination for permanent residency. At the same time, a number of large-scale development projects, ranging from residential to commercial projects including marinas, golf courses and theme parks, are being developed. These projects, most of which are being promoted by CIPA, offer attractive options for investment in the land development industry.

Property Incentives – Residency, Citizenship, Freehold

The Council of Ministers of the Cyprus Government has introduced attractive schemes to encourage property investments in Cyprus for non-EU citizens.

«Strange, I can see it here, the light of the sun, the gold net where things are quivering like the fishes, which a great angel draws together with the nets of the fishermen...»

From the poem “Ayia Napa” by George Seferis
Nobel Prize Laureate - 1963 – Literature
• Non-EU residents have the opportunity to acquire a permanent residency permit with the purchase of a private home of at least €300,000 and deposits of minimum €30,000 in a local bank for three years. The attractiveness of the scheme, however, goes further and offers two or three permanent residency permits for one family, with the purchase of a house at the corresponding price.

• Non-EU residents can acquire Cypriot nationality with: investment of a minimum €2 million through the purchase of shares and/or bonds of the National Investment Company and €500,000 investment in the Research and Technology Fund; or through direct investments of €5 million; or through bank deposits of €5 million in a local bank for a period of 3 years; or through payments of corporate tax or VAT of at least €500,000 annually during the last 3 years (before the application has been made).

Information and Communication Technologies

ICT is an important driver of productivity, growth and economic performance crossing horizontally all sectors of the economy. The government of Cyprus has identified ICT as one of the country’s priority growth sectors and has developed a Digital Strategy and Action Plan for immediate implementation. Furthermore, in order to promote applied research, development, innovation, technology and entrepreneurship in Cyprus, the Government is looking to promote the establishment of a new large scale Science Technology Park (STP). It is a high impact project, that will host research centres, business incubators, spin-off innovative enterprises and other local and international knowledge based companies, with the aim of promoting new and more competitive knowledge-based products and services.

Main advantages and opportunities of the ICT sector

• ICT Ecosystem: Major multinational firms in the ICT industry, including ICT consulting firms, operate regional headquarters in Cyprus using the country as a regional base and gateway (into and out of the EU) for corporate services, such as sales and marketing, project management, systems integration, testing services, training and development, disaster recovery and business continuity, as well as joint R&D among countries of the region.

• Skills and Expertise: Existing knowledge base and available expertise of highly educated and experienced resources. Cyprus has a very high number of university level educated ICT professionals with international experience and expertise in various technologies and industry sectors.

• EU Research Funds: As an EU member state, Cyprus attracts EU research funds for Industry-University partnerships. The Cyprus Investment Promotion Agency acts as a catalyst for the provision of advanced R&D infrastructures and Cypriot talent to foreign companies, who wish to establish Industry-University partnerships with the Cyprus network of Universities and Research Centres.
Cyprus welcomes and has the know-how to support Foreign Direct Investment for expansion and development of projects on e-Government, e-Business, e-Learning, e-Inclusion, e-Health and overall ICT services. The country has aligned its ICT and innovation strategy with the flagship initiatives “Digital Agenda for Europe” and “Innovation Union” of the “Europe 2020” growth strategy of the EU.

**Education**

Cyprus has a young, well-educated talent pool. Since 2005, Cyprus has been in the top 15 countries in the EU with the lowest pupil per teacher ratio of 11 pupils per teacher. Cypriot educational institutes actively participate in EU programmes, like the Eurydice Network and the ERASMUS programme. Cyprus is committed to further strengthening education and is focusing on reforms to achieve sustainable growth. The Ministry of Education and Culture is harmonizing the education system in line with the European Standards & Guidelines for Quality Assurance.

The Cyprus Council for the Recognition of Higher Education Qualifications (www.kysats.ac.cy) was established in 1996.

**Infrastructure statistics:**

- 3 public universities, including one open university
- 5 private universities
- 5 public institutions of higher education
- 25 private institutions of higher education
- 339 public and 29 private primary schools (2010/11)
- A large proportion of Cypriot tertiary students studied abroad (46.5% in 2011)

The majority of foreign students who select Cyprus for their tertiary education originate from India, Bangladesh, countries of the European Union and Russia.

Most public and private universities in Cyprus offer their courses in the English language. According to statistics of the Ministry of Education, a large number of Cypriot students study at universities abroad. Traditionally, many students prefer to study in Greece, the United Kingdom, Germany, France and the United States.

**Energy**

Cyprus is committed to ensuring the security of its energy supply, protecting the environment, fostering healthy competition in the energy sector and encouraging the development of renewable energy technologies and production. Cyprus also aims to positively contribute to the European energy security of supply.

Cyprus ranks first in the world in solar energy use for water heating in households, and has achieved significant progress in the production of energy from Renewable Energy Sources (RES). The most important projects relating to power generation from RES concern wind parks and photovoltaic parks.

The energy policy of Cyprus is harmonized with that of the European Union. The main aspects of the energy policy include:

- The liberalisation of the electricity and oil markets;
- The establishment and operation of a strategic oil stock terminal;
- The implementation of development programmes related to the use of energy conservation, technologies, the utilization of ingenious RES and the protection of the environment from industrial pollution;
- The RES target is to supply at least 13% of the country’s energy by 2020;
- The promotion of oil products and other sources of environmentally-friendly energy, such as natural gas.

**Oil & Gas Sector**

The existence of world-class deepwater natural gas reserves in Cyprus Exclusive Economic Zone (EEZ) has attracted a lot of attention from potential international investors, while bringing new and exciting opportunities to the energy sector itself. With the energy developments in neighbouring countries, the prospects may be there for Cyprus to become an energy hub in the Eastern Mediterranean.

Presently, exploration licenses have been granted for 6 offshore blocks within Cyprus’ EEZ to 3 internationally renowned oil & gas companies and their partners. The Government of Cyprus is continuing its negotiations concerning the infrastructure requirements necessary for bringing the natural gas onshore for local consumption, as well as liquefaction for export into Europe and other markets.

**Petroleum Storage and Distribution Terminal**

The construction of a private €300m storage and distribution terminal in Cyprus with a total capacity of 858,000 cubic metres is underway. It will connect the vibrant trading areas of South East Europe, Asia and North Africa. Phase one of the project is scheduled for completion in 2014.

**Renewable Energy**

Total electricity capacity from RES in Cyprus reached 181 MW in May 2013. The objective, as per the National Action Plan (NAP) issued by the Ministry of Energy, Industry, Commerce & Tourism, is to reach a minimum capacity of 584MW by 2020, which will be equal to 16% of the total electricity production in Cyprus and 3% higher than the target set by the EU.

In this respect, the production of energy from RES is expected to experience considerable growth in the years to come since significant investment is required in order for Cyprus to achieve the targeted capacity as per the NAP.
CYPRUS OFFERS NUMEROUS INCENTIVES TARGETING DIFFERENT SECTORS AND OFFERING A WIDE RANGE OF ADVANTAGES TO INVESTORS. IN AN EFFORT TO CONTINUOUSLY IMPROVE THE COUNTRY’S INVESTMENT ENVIRONMENT, THESE INCENTIVES ARE BEING CONSTANTLY ENRICHED AND UPDATED.

1| Human Resource Development Authority of Cyprus (HRDAC)

HRDAC provides funding in the form of grants to support a wide spectrum of training needs for any size company registered in Cyprus.

Among the most popular funding opportunities are:
• In-company training for developing and upgrading skills;
• Training provided by private training organisations in various fields.

For more information: www.hrdauth.org.cy

2| Research Promotion Foundation (RPF)

The Research Promotion Foundation (RPF) - an initiative of the Government of Cyprus - was established in order to promote the development of scientific and technological research in Cyprus. One of its main activities is the development of a national framework programme for the financing of Research and Development and Innovation (R&D&I) projects.

A large number of research projects and supporting activities are financed through RPF programme in five strategic areas:
• Strategic & Multi-thematic Research and Development;
• Growth of National Scientific & Research Human Capital;
• Applied Research Development and Enterprise Innovation;
• Research Infrastructure Development and Large Scale Investments;
• International Networking and Collaboration in the field of R&D&I.

For more information: http://www.research.org.cy/EN/index.html/

3| Business Start Up Financial Assistance by the Government of Cyprus

Industrial Development
The Industrial Development Service (IDS) of the Ministry of Energy, Commerce, Industry & Tourism, aims at accelerating the rate of growth in the manufacturing sector and enhancing its competitiveness under free market conditions. The IDS has introduced a framework of investment incentives, a brief description of which is provided below:

Technological Upgrading
The scheme aims at assisting the technological upgrading of existing and newly established manufacturing enterprises
through government grants. Any manufacturing enterprises, excluding those located in selected rural areas, investing in new machinery, new equipment and know-how within a period of three years, are eligible to apply.

Manufacturing in Rural Areas
The programme is co-financed by the European Regional Development Fund and aims to support, develop, and promote the manufacturing sector through grants for the expansion and modernisation of existing and/or creation of new viable small and medium-sized enterprises, (SMEs) which are located, or will be located in specified rural areas.

Relocation of Small Enterprises
The aim of this programme is to motivate the already existing small enterprises engaged in manufacturing activities, or specified service activities, to move from residential areas or those inappropriate for their activities to other authorized areas. Authorized areas are those where an enterprise can legally have its premises and engage in manufacturing or service activities, such as industrial areas, industrial zones, handicrafts zones or any other authorized area.

Government Guarantee for Loans Granted to SMEs
The aim of the scheme is to assist SMEs in the manufacturing sector, which do not have adequate collateral to obtain loans. Government guarantees may be granted for loans given by any commercial bank or financial institution, and will be utilized for:
• restructuring and/or expansion in the case of existing enterprises; and
• establishment of a new manufacturing unit preferably engaged in the production of new products and/or high technology products

Women / Youth Entrepreneurship
The program is offered under the De Minimis Rule, and aims to develop, support and encourage the entrepreneurship of women and young people in manufacturing sectors and/or in specific activities in commerce, services and tourism. Above all, it concentrates on the creation of new modern viable enterprises, the development of innovative projects, new technologies and new products, as well as the support of services that enhance quality and the development of tourism.

Agricultural Products
The programme is included in the Agricultural Development Plan and is co-financed (50%) by the European Agricultural Guidance and Guarantee Fund. Among the programmes objectives is the provision of investment motivations for improving the quality of agricultural products, as well as trade and manufacturing procedures. In addition, the programme aims to direct production according to foreseen market trends or alternatively to encourage the adoption of new channels for the distribution of agricultural products.

Encouraging Exports
The Trade Service of the Ministry of Energy, Commerce, Industry & Tourism provides state grants aimed at enhancing the promotion of Cypriot products and services abroad, and at providing know-how to entrepreneurs regarding business tactics in foreign markets.

Promotion of Industrial Products
The state grant covers the following schemes:
• financial aid for exploring export potentials in foreign markets;
• schemes for entrepreneurs / manufacturers participating in trade fairs abroad, either at their own expense or at fairs organised by the Ministry of Energy, Commerce, Industry & Tourism;
• schemes for entrepreneurs / manufacturers participating in trade missions abroad organized by the Ministry of Energy, Commerce, Industry & Tourism.

Promotion of Services
The Section for the Promotion of Services, E-Commerce and Cyprus Trade Centres, operates three subsidy schemes, under the De Minimis Rule, through which financial assistance is granted as an incentive to Cypriot exporters of services to participate in specialized international services exhibitions.
The three schemes currently in operation under the De Minimis Rule provide financial assistance to:

- Cypriot exporters of services who participate in exhibitions abroad covering their own expenses;
- Cypriot land development companies which participate in exhibitions abroad covering their own expenses;
- Cypriot exporters of services, who participate in exhibitions abroad, which are organised by the Ministry of Energy, Commerce, Industry & Tourism.

Promotion of E-Commerce

The scheme for the promotion of e-commerce in Cyprus is offered under the De Minimis Rule, and aims to develop, support and encourage SMEs wishing to take advantage of the possibilities and opportunities that are offered by the Internet for the expansion of their business activities. Special emphasis is given to:

- training and familiarisation of staff with electronic and Internet technologies so as to take full advantage of the possibilities and opportunities that are offered by the Internet;
- provide the necessary infrastructure and support to SMEs for use of electronic commerce;
- support of the presence of SMEs on the Internet through their own websites;
- the promotion of e-commerce from SMEs, including the establishment of e-commerce activity to be used by both the public and business people for transactions and procedures through automated electronic means.

Quality Assurance

In the context of its efforts to contribute to the enhancement of product quality, the Government has introduced a number of schemes.

Testing of Products

The aim of the scheme is to assist existing or new SMEs in the manufacturing sector, to cover expenses for laboratory testing, product testing and/or analysis, calibration of measurement and testing instruments abroad. The scheme applies in the case where the above needs cannot be met by local laboratories.

Laboratory Infrastructure

The scheme’s main objective is to strengthen the laboratory infrastructure through the provision of assistance to existing or new laboratories in order to meet their immediate needs for product testing equipment.

Energy and Environment

The Cyprus Institute of Energy provides financial incentives for the materialisation of investments in the field of energy conservation and the promotion of renewable energy sources. Overall, it aims to expand the usage of financially viable energy technologies and encourage investments that positively affect the environment.

Energy Conservation

Energy conservation investments are defined as investments in systems which can lead to at least 10% energy savings on total energy consumption, and investments in Combined Heat and Power and Cooling (CHP) systems. Investments under the energy conservation scheme include:

- Energy conservation in existing enterprises;
- Energy conservation in existing private households;
- Co-generation of electricity - heating / cooling.

RES Utilisation

Recognizing the importance of the utilisation of Renewable Energy Sources (RES), the Cyprus Institute of Energy has introduced the following programmes:

- wind systems for electricity generation;
- solar / photovoltaic / hydroelectric systems;
- biomass utilisation;
- desalination using RES.

Environmental Protection

In addition to the above, the Energy Service of the Ministry of Energy, Commerce, Industry & Tourism operates a scheme for the protection of the environment from industrial pollution. The scheme covers part of the initial investment cost incurred by enterprises for qualified projects in the industrial sectors of mining and quarrying, manufacturing, car maintenance, packaging, the processing of recycling of waste and the washing or dry cleaning of textiles.
The Cyprus Investment Promotion Agency (CIPA) was established as a registered not-for-profit company limited by guarantee, funded by the Cyprus government. The Agency has operated since January 2008 and follows a threefold mandate:

• To promote Cyprus as an attractive international investment centre in key priority growth sectors;
• To advocate reform in Cyprus required to improve the regulatory and business environment and infrastructure;
• To provide investor support with aftercare and further development services.

The Agency has further established memberships with the World Association of Investment Promotion Agencies (WAIPA) as well as the Mediterranean Investment Network, ANIMA. Memberships in these and other fora provide a platform for best practice sharing and learning in the area of FDI promotion and strategy implementation.

INVEST CYPRUS, is the brand under which CIPA takes the lead in promoting Cyprus as an attractive FDI destination.

Our Mission

“Working with the investor, for the investor” is the Agency’s defined mission statement as this is stated in its strategic plan. The staff, management and Board of Directors of the Agency all ensure that the Agency lives up to investor expectations. In 2012, the World Bank ranked CIPA 5th amongst 189 agencies worldwide for offering best-practice facilitation to prospective investors.

In conclusion, the benefits and opportunities Cyprus presents to the global business and investment community are tangible and substantial. Companies at all stages of the process leading to the establishment of a presence in Cyprus, ranging from information gathering to conducting a site visit or even implementing a business plan in Cyprus, have a partner on the ground, the Cyprus Investment Promotion Agency.

CIPA Network

The Agency collaborates closely with the commercial departments of the Ministry of Energy, Commerce, Industry & Tourism (ECI&T), which can also be used as a first point of contact.

For information and guidance on investments in Cyprus, please contact the Cyprus Investment Promotion Agency at:

Tel.: +357 22 441133, Fax: +357 22 441134
E-mail: info@investcyprus.org.cy
Website: www.investcyprus.org.cy
Contact CIPA or your local Trade Centre of the Republic of Cyprus

Cyprus Trade Centres Worldwide Network
Contact Points:

- Athens 00 30 210 3734822, info@cyprustradecenter.gr
- Beijing 0086/0653230579, ppetrou@mcit.gov.cy
- Beirut 00 961 320806, trade@ctcbeirut.com
- Berlin 00 49 30 2844596, info@zypern.com
- Dubai 00 961 4 3282411, ctcentre@emirates.net.ae
- London 00 44 20 7321 4445, info@cyprustrade.co.uk
- Moscow 00 7 499 5750315, ctcmoscow@mcit.gov.cy
- New York 00 1 212 2139100, ctcny@cyprustradeny.org
- Paris 00 331 42896086, info@commerce-chypre.fr
- Tel Aviv 00972(0)3-525 0212, commercial@cyprusembassytelaviv.com
- Vienna 00 43 1 5130634, office@cyprustrade.at
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