

The management of UCITS shall include the following functions:

- a) the management of the investments of the UCITS,
- b) the administration of the UCITS, which includes the following services:
 - i. legal and accounting services,
 - ii. provision of information and services for the unit-holders of the UCITS,
 - iii. valuation of the UCITS portfolio and the determination of the price of their units,
 - iv. regulatory compliance monitoring,
 - v. maintenance of unit-holder registry,
 - vi. distribution of profits of the UCITS,
 - vii. unit issue, redemption and repurchase,
 - viii. settlement of contractual obligations,
 - ix. Record keeping,
- c) the advertising of the UCITS and the promotion of their units (marketing).

Management Company, following an authorisation by CySEC, may provide, in addition to the management of UCITS or other collective investment undertakings, one or more of the following services, under the condition that the provision of such services is indicated in its instruments of incorporation:

- (a) the service of management of investment portfolios, including those owned by pension funds, based on instructions given by investors on a discretionary basis,
- (b) the non-core services:
 - provision of investment advice concerning one or more financial instruments

- safekeeping and administration in relation to units of undertakings for collective investment.

Share Capital

The initial capital of the Management Company must be at least €125.000, which must be fully paid up, in cash. If the Management Company provides any additional services, then its initial capital must also correspond to the limits set out by the Law for the provision of such services. The own funds of the Management Company must at no time be less than the amount of its initial capital.

When the value of the portfolios of the Management Company exceeds the amount of €250.000.000, the own funds of the Management Company, must be increased, by an amount which is equal to 0,02% of the amount by which the value of the portfolios exceeds the €250.000.000, where the maximum limit for the increase of the own funds is the amount of €10.000.000.

Conditions for granting an operation license

The Securities and Exchange Commission may grant an operation licence to a Management Company as long as the following prerequisites are fulfilled:

- The Management Company provides at least an initial capital of €125.000
- The Management Company has the right shareholders, is fully organized and staffed, and possesses the required financial means and technical infrastructure, in order to be in position to provide its services. CySEC assess the shareholders' suitability.

- The directors of the Management Company are of sufficient good repute and sufficiently experienced in relation the type of UCITS managed by the company.
- The Management Company must have at least 2 directors who will manage the activities of the company.
- The application for authorisation is accompanied by a program of activity and by a report on the organizational structure of the Management Company.
- The registered office and the central administration of the Management Company must be located within the territory of the Republic of Cyprus.

The Management Company may start its business as soon as the granting of the operation licence is notified to it by CySEC.

Conditions for the exercise of activities

The Management Company must have:

1. Appropriate administrative and accounting procedures, control and safeguard arrangements for electronic data processing and adequate internal control mechanisms.
2. Such structure and management so as to minimize the risk of UCITS' or other collective investment undertakings' or clients' interests.

The Management Company is obliged to have a website.

If the Management Company provides also the service of portfolio management, it is not permitted to invest all or part of the investors' portfolio in collective investment undertakings that the company manages, unless the clients provide their prior consent in writing.

If the Management Company provides investment services, it is obliged to be a member of the Investor Compensation Fund for Customers of Investment Firms.

Shares of Management Company

The shares of the Management Company shall be registered and cannot be admitted to trading or traded on a regulated or other stock exchange market.

Delegation Arrangements

The Management Company may delegate a third party to carry out on its behalf one or more of its tasks or functions with compliance, where all the following preconditions have to be complied with:

- The third party must be qualified and capable of exercising the delegated activity
- The delegation is effected by means of a written agreement between the Management Company and the third party
- The Management Company informs the Securities and Exchange Commission about the delegation
- The delegation does not prevent or hinder the effective supervision of the Management Company
- The delegation will not prevent the directors of the Management Company to give at any time further instructions to the undertaking to which the activity was delegated, as well as to revoke the mandate with immediate effect at any time when this is imposed by the interests of the unit-holders of the relevant UCITS or, as

the case may be, of another collective investment undertaking

- The UCITS prospectus and the key investor information refer to the functions which are delegated
- The delegation of functions may not turn the Management Company without substantial activity.

Liability of the Management Company

The Management Company must operate in a fair and lawful way when carrying out its business activity, showing due care and acting always and exclusively in line with the interests of the UCITS and the rest undertakings for collective investment that manages, as well as the interests of the unit-holders, taking, at the same time, into consideration the safeguarding of the smooth operation and integrity of the market.

The Management Company shall be liable against the unitholders of the UCITS and of the rest undertakings for collective investments for the negligence it may show when managing them.

Freedom of establishment of a Management Company authorized in the Republic of Cyprus in another member state – Establishment of a Branch (Passporting)

A Management Company, which is authorized in the Republic of Cyprus and wishes to establish a branch within the territory of another member state to pursue activities for which it has been authorized, shall notify the CySEC relatively.

If CySEC has no reason to doubt the adequacy of the administrative structure and the financial condition of the Management Company, so that the company is in position to

perform the planned activities in the host member state, it shall forward the relevant information of the Management Company to the competent authorities of the host member state and shall inform the Management Company accordingly.

Free provision of services in another member state by a Management Company authorized in the Republic (Passporting)

A Management Company, which has been authorized in the Republic of Cyprus and wishes to pursue, for the first time, activities for which it has been authorized, within the territory of another member state, under the freedom to provide services shall notify CySEC.

CySEC shall forward the relevant information of the Management Company to the competent authorities of the Management Company's host member state and shall notify the Management Company accordingly.

Establishment of a UCITS in a member state other than the Management Company's home member state

A Management Company authorized in the Republic of Cyprus may establish a UCITS which shall be authorized in another member state, and manage such UCITS, provided that such company complies with the provisions of passporting.

Vice versa, a Management Company authorized in another member state may establish and manage a UCITS which shall be authorized in the Republic of Cyprus and ruled by the legislation of the Republic of Cyprus, provided that such company complies with the provisions of passporting.

Freedom of establishment and of provision of services in the Republic by a Management Company authorized in another member state

A Management Company authorized in another member, may pursue within the territory of the Republic the activity for which it has been authorized, either by the establishment of a branch or under the freedom to provide services.