



**ALTUS
CITADEL**
Corporate Services Ltd.



ALTERNATIVE INVESTMENT FUND MANAGER

**THE NEW ALTERNATIVE TO
TRADITIONAL INVESTMENTS**

CYPRUS – AN IDEAL MEDITERRANEAN AIF JURISDICTION

When setting up an Alternative Investment Fund Manager (“AIFM”) and Alternative Investment Funds (“AIFs”) three words come to mind. Where, Why and Who.

WHERE

Ireland (€2.7 trillion in over 12,000 funds) and Luxemburg are favored locations for an Alternative Investment Fund however both countries can be very expensive and difficult to operate from. With new legislation enacted in 2014 Cyprus now offers a tempting alternative. Cyprus is ranked 57th in the World Bank’s Doing Business Report (2019) ahead of other popular EU jurisdictions like Luxemburg (66) and Malta (84). Cyprus retains core strengths in financial services, it is becoming a centre of excellence for the management and administration of funds and in the last few years has become the location of choice for foreign exchange companies. Cyprus is also much more affordable.

WHY

With 12.5 % corporate tax rate, Cyprus matches the Irish offering, while almost 60 DDTs (40 more being negotiated) and 15 tax sparing treaties ensure enforcement of one of the most favorable tax advantages in the world. Cyprus is in the OECD’s white list as a credible destination following EU directives. To top it all up, the Mediterranean island has signed agreements with more than 20 countries for the promotion and protection of investments. Cyprus offers a deep pool of multilingual professionals to draw from that gives you the ability to quickly adapt to operational requirements at very affordable rates. Furthermore, doing business in Cyprus gives you easy access to over 500 million consumers in Europe.

WHO

Altus Citadel has the experience and expertise to provide you AIFM and AIF solutions at a fraction of the cost the “big four” and other global firms would charge. Our professionals specialize in delivering efficient and effective solutions. Our company provides turnkey and support services to Investment Firms, Alternative Investment Funds and AIF Managers, UCITS, ICIS, Banks, Electronic Money and Payment Institutions. Our core consists of a group of professionals with extensive hands-on experience in the financial services sector. Together they bring a wealth of knowledge gained through experience from diverse backgrounds in front, middle and back office operations of various established Investment Firms and Funds.



“Amendments to the Cyprus tax regime have been specifically made with a view to facilitating the island’s competitiveness in the fund industry.”

Alternative Investment Fund Managers Law of 2013’, harmonizing Cyprus legislation with EU Directive 2011/61/EC of the European Parliament and of the Council. The Law and relevant Directives aim to provide for an internal market for AIFs and a harmonized regulatory and supervisory framework.

Moreover, the adoption of the said Law is predicted to cause the relocation of a significant number of Alternative Investment Funds and their managers to cost efficient EU jurisdictions with an attractive legislative, regulatory and tax framework to host their operations.

Some of the key advantages to AIFMs and AIFs operating from Cyprus include passporting for distribution in the EU and a low tax burdens levied on Cyprus-based corporations. Non-Cypriot investors also benefit from an extensive double-taxation treaty network instituted by Cyprus.

Amendments of the Cyprus tax regime have been specifically made with a view to facilitating the island’s competitiveness in the fund industry. Barriers to micro holdings are lifted with the abolition of minimum holding percentages, the redemption of units are reclassified as a disposal leading to tax free income in the hands of investors.

AIFs can be passported for distribution to professional investors in the EU. Upon authorisation in Cyprus, the AIFM can market the AIF it manages to professional investors in all other EU Member States.

IMPORTANT DETAILS – ROADMAP TO IMPLEMENTATION

AUTHORIZATION REQUIREMENTS:

- The application procedure requires filing information on the AIFM as well as the AIF it intends to manage to the regulator of the home Member State of the AIFM. The application file includes information on:
 - The directors and senior managers
 - The qualifying shareholders
 - Program of activity
 - Organizational structure
 - Remuneration policies
 - Delegation arrangements
- The time required to obtain the authorization, is within three months, however, this period can be extended in specific cases. Upon authorization, the AIFM license will be valid across all Members States and ESMA will keep a central register identifying each authorized AIFM.

CONTINUING OBLIGATIONS:

- Minimum capital is €125,000 for an external AIFM with an additional amount of 0,02% of the value of the portfolio in excess of €250 million (capped at €10m)
- Remuneration policies should discourage risk taking
- Risk management system must be hierarchically separated from the operating units
- Leverage must be set
- Liquidity management system to monitor risk and ensure compliance with set obligations
- Valuation procedures to ensure proper and independent valuation
- Independent depositary must be appointed
- Delegation is permitted for some functions as long as the AIFM does not become a 'letter-box' entity
- Reporting obligations

HOW WE CAN BE OF HELP TO YOU

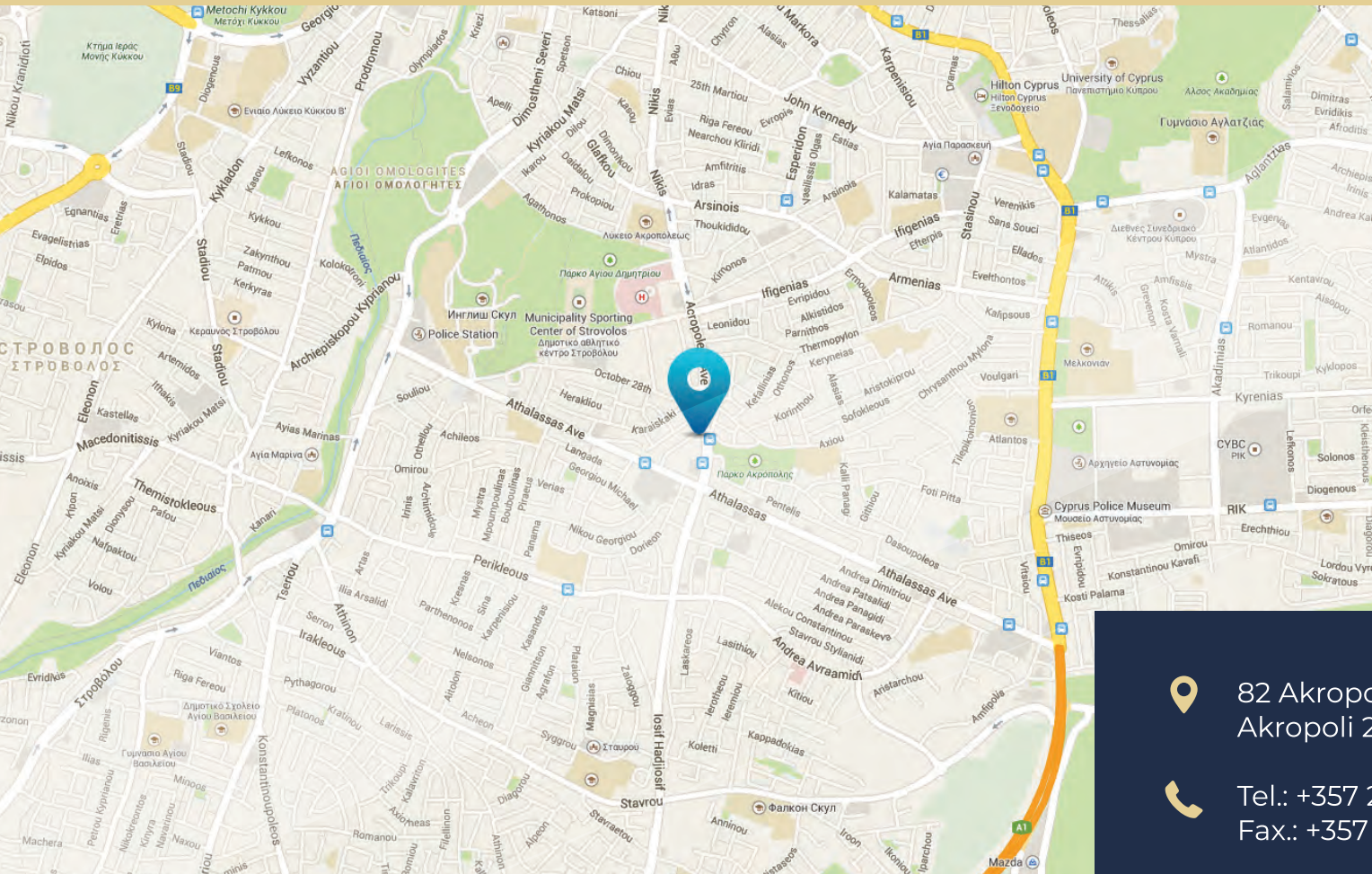
ALTUS CITADEL CAN ASSIST WITH THE FOLLOWING:

- Re-domiciliation of an EU or non-EU AIFM to Cyprus
- Corporate formation and ongoing administration
- Promotion of application for authorization
- Post licensing outsourcing
- Compliance with continuing obligations
- Fund administration services

MOREOVER, WE CAN ASSIST EXISTING FUND MANAGERS TO A SMOOTH TRANSITION IN COMPLIANCE WITH NEW REGULATORY FRAMEWORK. SPECIFICALLY, WE CAN:

- Assess your current structure and advise if your structure or your activities are affected
- Identify potential tax impacts (VAT and transfer pricing) and recommend solutions
- Prepare an AIFM compliant analysis and action plan to achieve timely compliance in the most tax efficient manner
- Advisory on both authorization requirements as well as continuing obligations

CONTACT INFORMATION



82 Akropoleos Avenue,
Akropoli 2012, Nicosia, Cyprus.



Tel.: +357 22 252 774
Fax.: +357 22 450 775



E-mail: info@altuscitadel.com



www.altuscitadel.com



**ALTUS
CITADEL**
Corporate Services Ltd.