

Cyprus Alternative Investment Funds

Vistra Group

Vistra Group is a leading Fund, Trust and Corporate Services provider. Ranked among top three corporate service providers globally, we have 81 offices across 46 countries with over 5,000 professionals across the globe

In 2023, it was announced that Vistra is to merge with Tricor Group creating a combined business of over 9,000 professionals in 50+ jurisdictions, offering unrivalled quality, scale, and breadth of capabilities. This will enable clients to navigate the increasing complexities of establishing, managing, operating, and growing their business around the world.

Today, Vistra provides fund services for over 4,000 structures, with a total of USD210bn of assets under administration. We work with 66 percent of the top 300 global private equity firms, that rely on Vistra to take care of regulatory requirements, operational challenges, and investor relationships.

Cyprus Alternative Investment Funds

Cyprus is considered an emerging EU investment fund centre owing to continuous efforts to strengthen its legislative and regulatory regime. Since 2016, assets under management in Cyprus have increased from €2.7billion to over €10.7billion. Many investment managers regard Cyprus as an cost-effective jurisdiction for establishing smaller, bespoke funds, with lower asset under management objectives.

The enactment of the Alternative Investments Funds (AIF) Law in July 2014 aligned the Cyprus legal system and regulatory framework with EU Directives on asset management, with the aim to enhance transparency and investor protection.

In July 2018, Cyprus further upgraded its legislative framework with a new AIF regime, replacing the 2014 Law. This reflected the latest market demands and introduced a more flexible fund-product called the Registered Alternative Investment Fund (RAIF) which significantly reduces 'time to market' by simplifying the regulatory burden and approval processes. In addition, access to investors across the EU is ensured by a Cyprus or EU Alternative Investment Manager (AIFM) at manager level.

There are well over 250 alternative investment funds established in Cyprus, focusing on various sectors, including real estate, hospitality, private equity, and maritime and energy. These are either sold on a private placement basis, or marketed to professional investors across the EU under the Alternative Investment Fund Managers Directive (AIFMD).

The Cyprus Securities and Exchange Commission (CySEC) is the independent public supervisory authority responsible for the supervision of the collective investment and asset management sector in the Republic of Cyprus, and also supervises firms providing administrative services.

There are several credit institutions licenced by the Central Bank of Cyprus which offer depository services in Cyprus, an undertaking which may also be performed by a MifID-registered investment firm. Vistra also partners leading AIFMs established in the Republic.

Finally, Cyprus offers a competitive tax regime to funds including a low standard corporate income tax rate of 12.5 percent, and exemptions on dividend income and capital gains. For individual fund managers, there is a 35 percent cap on personal income tax, as well as an option to be taxed at a flat rate of 8 percent on carried interest. All Cypriot funds have access to Cyprus' double taxation treaty network and EU Directives.

Cyprus: Types of Alternative Investment Fund



Alternative Investment Fund (AIF) with Unlimited Number of Persons

- Open-ended or closed-ended
- Variable Capital Investment Company (VCIC), Fixed Capital Investment Company (FCIC), Common Fund (CF) or Limited Partnership (LP)
- May be an umbrella fund
- Minimum share capital €125.000
- Can be self-managed
- Must appoint a depository based in Cyprus, EU or third country with cooperation agreement with Cyprus
- Investment into any types of assets
- Regulated under the Alternative Investment Fund Managers Directive (AIFMD)
- May be marketed to retail, or well-informed and/or professional investors
- Setup in 12 months



Registered Alternative Investment Fund (RAIF)

- No licensing requirement
- Variable Capital Investment Company (VCIC), Fixed Capital Investment Company (FCIC), Common Fund (CF) or Limited Partnership (LP)
- No minimum share capital requirement
- Always externally managed
- Subject to regulatory oversight by a Cyprus or EU AIFM
- Depository ALWAYS based in Cyprus
- Setup in 2-3 months



Alternative Investment Fund with Limited Number of Persons (AIFLNP)

- Variable Capital Investment Company (VCIC), Fixed Capital Investment Company (FCIC), Common Fund (CF) or Limited Partnership (LP)
- May be marketed to well-informed and/or professional investors
- Maximum number of investors: 50 natural persons directly or indirectly
- Freely transferable investor shares, with condition that it does not result in the fund having more than the statutory 50 investors
- May not be required to appoint licensed manager or depository in certain circumstances such as when its total assets do not exceed €5m; or its incorporation instruments limit the number of its unitholders to 5 persons for the duration of the life of the AIF; or 90 percent of its assets are not subject to custody and the number investors are limited to 25 and provided each investor subscribes a minimum of €500.000
- Assets under management AIFMD thresholds of €100m (including leverage) or €500m (without leverage, 5-year lock-up period for investors)
- Setup in 12 months

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Vistra (Cyprus) Limited Fund Services



Establishment of a Fund

- Representation of the VCIC or FCIC (the "Applicant") under registration to CySEC
- Drafting the relevant application (in collaboration with the Applicant)
- Drafting the Applicant's Memorandum and Articles of Association
- Assisting with the drafting of the Offering Memorandum/Offering Supplements/Internal Operations Manual in accordance with domestic provision



Investor & Transfer Agent Services

- Processing subscriptions and redemptions
- Investor Know Your Client (KYC)/Anti-Money Laundering checks
- Maintenance of investor registers
- Issue of capital call and distribution notices
- Reconciliation and monitoring of bank accounts
- Distribution of periodic investor reports and capital statements
- FATCA/CRS



Fund Accounting & Valuations

- Dedicated team of qualified fund accountants and administrators
- Maintenance of accounting records and NAV valuations via the PFS-PAXUS fund administration system
- Preparation of monthly, quarterly and annual accounts, as applicable
- Processing of fund expenses, cash flow monitoring and reporting
- Carried interest calculations
- Valuations
- Preparation for audit



Company Secretarial

- Establishment and maintenance of legal entities to act as funds, feeders, carried interest vehicles and subsidiaries
- Provision of registered office, secretarial and director services in accordance with Cyprus Companies Law Cap. 113
- Coordination of board meetings and investor meetings
- Ensuring corporate governance and regulatory compliance
- AML support

Get in touch

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