



FIDES CORP
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

Cyprus Investment Firms (CIF)





Legal Framework

The Cyprus Investment Firms Law 144(I) 2007-2012 (the “Law”) provides the legal framework for the provision of investment services as well as for the registration, regulation of operations and supervision of Cypriot Investment Firms (CIF).

Under the provisions of the Law, the following entities may provide investment services on a professional basis:

- CIF: investment firms operating within Cyprus, excluding credit institutions, provided that the CIF has obtained the appropriate authorization from the Cyprus Securities and Exchange Commission (CySEC);
- Credit institutions established in Cyprus, provided that the credit institutions have received an authorization from the Central Bank of Cyprus (CBC) in accordance with the provisions of the Banking Acts 1997 to 2000 for the provision of investment and ancillary services;
- Investment firms with their registered offices outside Cyprus whether rendering investment or ancillary services through a branch, tied agent or operating on a cross border basis without a branch, provided they have been granted a licence from the regulators of an EU member state.

Investment services

As per the provisions of the Law, the following constitute investment services:

- reception and transmission of orders in relation to one or more financial instruments;
- execution of orders on behalf of clients;
- dealing on own account;
- portfolio management;
- investment advice;
- underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis;
- placing of financial instruments without a firm commitment basis;
- operation of Multilateral Trading Facilities (MTF).

Ancillary services

- safekeeping and administration of financial instruments for the account of client;
- granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instrument;
- advice to undertakings on capital structure, industrial strategy and related matters;
- foreign exchange services where these are connected to the provision of investment services;
- investment research and financial analysis;
- services related to underwriting;
- investment services and activities as well as ancillary services of the type included under above points related to the underlying of derivatives, where these are connected to the provision of investment or ancillary services.

Financial instruments

As per the Law, financing instruments are defined as below:

- i. Transferable securities
- ii. Money-market instruments
- iii. Units in collective investment undertakings
- iv. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash
- v. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event).
- vi. Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market or/and an MTF
- vii. Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of Part III and not being for commercial purposes, which

have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and settled through recognised clearing houses or are subject to regular margin calls

- viii. Derivative instruments for the transfer of credit risk
- ix. Financial contracts for differences
- x. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event), as well as any other derivative contract relating to assets, rights, obligations, indices and measures not otherwise mentioned here, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market or an MTF, are cleared and settled through recognised clearing houses or are subject to regular margin calls.

Key Benefits of a Cyprus license

- **Passporting** – an Investment Firm licensed in Cyprus can be used for the provision of investment services from Cyprus in all EU markets by simply “passporting” its license in compliance with MiFiD, while it can also offer investment services to third countries. The services can be offered on a cross-border basis by establishing a physical presence in the jurisdiction into which the services will be provided (i.e. a branch);
- **Taxation** – Cyprus has an attractive tax regime enabling for low taxation, has implemented all EU Directives and has over 60 double tax treaties in place with 3rd countries;
- **Low Capital Requirements** – starting from EUR125.000, depending on the investment services to be offered;
- **Quick license turnaround time;**
- **Relatively low set-up and operational costs** – the company’s set-up costs and the cost of providing services in Cyprus can be generally lower than other EU countries (e.g. office space, staffing, professional services providers, etc.)

Our Services

Our firm can assist you in establishing your company and obtaining the licenses required. Our multi-disciplinary team of specialists and network of partners can provide the following services:

- Preparation of the CIF licensing application package, submission to CySEC and liaison with CySEC throughout the application and activation process;
- Advise on how to better structure your operations in order to meet the regulatory requirements while at the same time achieve cost efficiency;
- Assistance in obtaining a licence for additional investment services, if required;
- Assistance for setting up a branch or tied agent or offering cross border services;
- Internal audit services;
- External audit services;
- Compliance Officer services;
- Risk Manager Officer services;
- Anti-Money Laundering officer services;
- Regulatory Reporting and on-going support for regulatory compliance;
- Direct and indirect tax services;
- Immigration Services;
- IT setup and maintenance services;
- Corporate recruitment services.



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