



**ACTION PLAN –
SET UP AN
ALTERNATIVE
INVESTMENT FUND (AIF)**

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Set up of an *Alternative Investment Fund* (AIF)

A. **FUND NAME REGISTRATION**
Apply to the Registrar of Companies for the approval of proposed name *Lawyer with client* 4-5 days

[The name should contain the term Registered Alternative Investment Fund or abbreviation RAIF and variable capital investment company or the abbreviation V.C.I.C.]

B. **FUND INFORMATION**
Lawyer with client 10 days

- **Term Sheet** to be completed including main details of the offering to enable the drafting of the Prospectus

- **Confirmation of Identification of Service Providers** (Depository, Auditor), Board Members (minimum two), name of Management Shareholder(s), Legal Advisor etc.

C. **PREPARATION OF APPLICATION TO THE REGULATOR**

Drafting/arranging for documents to be submitted to the Regulator (CySEC):
- Prospectus *Lawyer with client* 2-3 weeks for 1st draft

- Memorandum and Articles of Association *Lawyer with client* 1-2 weeks for 1st draft (following completion of substantial draft of Prospectus)

- Application Form *Lawyer to complete and send to CySEC (Cyprus Securities and Exchange Commission)*

Lawyer to liaise with various providers

- **Depository declaration** that it accepts to exercise the depository duties for the AIF in accordance with applicable law.

- **Confirmations** to be provided by the following persons stating that the AIF and the persons managing it are not involved in any illegal activities (Templates will be provided where required):

- The auditor
- The legal advisor

- Promoters (Lawyer or other service provider)

Client and 3rd Party Service Providers

- Draft of relevant agreements

(Administration Agreement, Depositary Agreement, etc.) will be required by CySEC in due course.

D.

Proceeding with relevant filings with the Registrar of Companies to incorporate the AIF as a private or public company. Lawyer

FUND INCORPORATION WITH THE REGISTRAR OF COMPANIES

around 3 weeks

E.

Following incorporation of Fund with Registrar provide Lawyer

OBTAIN REGISTRATION OF THE AIF FROM REGULATOR

6 months

Regulator (CySEC) with:

- Certificates of Incorporation and certified copy of Memorandum and Articles of Association;
- Application Form;
- Information on the arrangements made for the appointment of a Depositary (Depositary declaration);
- The Prospectus of the AIF;
- Confirmations mentioned under point (C) above

AIF FEES

		EUR	EUR	Service provider
Set up fees:		20,000 - 30,000	plus VAT	Lawyer
Company Registration (prepare M&A)				
Identify Depositary, Auditor, Fund Manager				
Preparation of Application to CySEC				
Submit Application to CySEC				
Prospectus				
Annual fees			AUM	Paid to:
	Management Fees	€20.000,00	Up to €10m	AIFM
	Depositary fees	€8.000,00	plus VAT	Bank
	Fund Admin fees	€10.000,00		Fund Administrator/AIFM
	Audit fees	€10.000,00	plus VAT	Auditor
	Internal Audit fees	€5.000,00	plus VAT	Auditor
	Directors Fees	€10.000,00		Two Directors
	CySEC annual fee	€2.000,00		
		€65.000,00		

Glance at the Cyprus Investment Funds Market

Why Cyprus

- EU member state compliant with EU laws, EU Directives and Regulations;
- Comprehensive Fund Regulation and Regulatory Authority;
- Legal framework based on UK common law;
- Cost and time effective set-up procedures and on-going operational services (lower than other fund jurisdictions within EU);
- Favourable EU and OECD compliant tax regime;
- Access to an extensive network of double tax treaties with more than 65 countries, allowing for tax efficient structuring and return from investments;
- Dividend income, gains from trading in a wide range of securities including shares and units of investment funds, and capital gains from sale of property abroad are tax exempt in Cyprus;
- 12,5% flat corporate taxation applicable only on certain types of income (e.g. bond interest, trading in commodities);
- No withholding taxes on distributions to foreign investors;
- No taxation on redemption of units;
- No net wealth or subscription tax on the net assets of the fund;
- Experienced highly qualified English speaking professionals and sophisticated infrastructure;
- Extensive range of excellent legal, accounting and other advisory services;
- IFRS are the accounting standards adopted locally;
- Collective investments can be listed on The Cyprus Stock Exchange and other recognized stock exchanges in the EU.

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Please note that this is material for guidance only and not a tax advice to be relied upon, but you may contact us to advise you to set up the proper level of substance, always depending on the activities of the company, and the nature of services to be provided from Cyprus.

DADLAW would be pleased to advise recipients of this document on how to apply the principles and the provisions of the relevant legislation set out herein to their specific circumstances and requirements.