

Introduction

Cypriot companies providing certain investment and ancillary services (refer to appendix A) in the Republic of Cyprus, might need to apply for a Cyprus Investment Firm (CIF) authorisation from the Cyprus Securities and Exchange Commission (CySec). The CIF authorisation is based on the legal framework which has been transposed into the Cyprus law under the EU MIFID Directive.



Key benefits of granting a CIF license in Cyprus

The benefits of obtaining a CIF license in Cyprus are the following:

- ✓ **Tax regime** – Corporate income tax rate of 12,5% which can be reduced below 6% through proper restructuring steps, no withholding tax upon distribution of dividends to non-Cypriot tax resident or non-domicile shareholders, wide range of double tax treaties and access to the EU directives.
- ✓ **Passporting** – The license obtained by CySec in order to operate as a CIF company, offers the opportunity to provide cross-border investment services or set-up a branch in another EEA country, without the need to obtain any additional license.
- ✓ **Low set-up and operational cost** – The cost of setting and maintaining of offices in Cyprus is lower compared to other EU countries.

Conditions for granting a CIF authorisation

In a nutshell, the conditions for granting a CIF authorisation from CySec are the following:

- Minimum issued and paid up share capital (refer to appendix B).
- Establishment of a Cypriot company.
- Maintain and operate effectively organisational and administrative structure.
- Establish adequate internal control mechanism for the company.
- The operational structure and business model of the company should ensure that the risk of conflict of interest between the clients and the company is minimised.
- Employment of experienced and knowledgeable staff, as per an organization model submitted to and approved by CySec.
- Appointment at least of two Cypriot tax resident executive directors and two non-executive directors (Cypriot tax resident or not) that are deemed suitable under the fit and proper test (with investment and financial background).

Application package – main documents required:

The application form and standard questionnaires of the applicant company's shareholders, directors, senior managerial staff and any other managerial staff must be completed and submitted to CySEC along with the following documents:

- Corporate documents issued by the Registrar of Companies (Certificate of incorporation, registered office, good standing, certificate of shareholders and directors and secretaries.
- The Memorandum and Articles of Association which provide that the company operates as an investment company providing the services detailed in the license to be issued by CySec.
- Three year business plan.
- Group and organization structure.
- Internal regulations of operation (operations manual, internal procedures manual, anti-money-laundering and Know Your Client procedures etc.)
- Certification from the company's representative who will promote the company at CySec.
- Certification from the company that it possesses or shall possess the required initial capital.
- Evidence proving the source of the initial capital.
- Copy of a professional indemnity / liability insurance contract.
- Information on service providers established in third countries, if applicable.
- Audited financial accounts for the last 3 years and consolidated audited financial accounts of the company's group of companies, if applicable.
- Certificates of non-bankruptcy and criminal record for the following persons: direct shareholders, members of the Board of Directors and senior managerial staff.
- Certification by the lawyers and external auditors of the company.

Note: CySec may at any time request additional information to be submitted.

Time needed to obtain a CIF license

The indicative time frame for obtaining a CIF license, will depend whether the applicant will apply for a "fast track" examination process or not.

- Through the "fast track" examination process and subject to conditions, the license can be issued by CySec within 3 months, upon submission of the application.
- Alternatively, through the normal process, the time frame needed for obtaining a CIF licence, is up to 6 months.

In both cases above, upon finalisation of the examination process, CySec will issue to the applicant a conditional license. This means that CySec will give the applicant company a list of conditions / requirements that will have to be fulfilled (such conditions may include the increase of the share capital, change of memorandum, the setting up of an office for the company in Cyprus including employees for the key positions etc). Once CySec is satisfied that the applicant company has fulfilled all the conditions / requirements, the CIF license will be issued.

Our services

Our advisory team can provide specialised assistance for obtaining CIF license from CySec. The following are the services that we can provide:

- ✓ Assistance in the licensing process and preparation of the application package.
- ✓ Acting as a Compliance Officer with regard to ongoing statutory obligations.
- ✓ Acting as external auditor.
- ✓ Acting as external tax and vat advisor.
- ✓ Acting as internal auditor.
- ✓ Provision of executive and non-executive Directors.

Meet the Team

Our advisory team possesses the required experience and know-how in order to assist you with obtaining of the CIF license from CySec. Our experts will be glad to meet you in person and discuss with you the application process.

Contact us

Our offices are located to Nicosia and Limassol to the following addresses:

49K Archangelos Ave.,
CY-2054 Strovolos
Nicosia, Cyprus

84 Serifou Str.,
CY-3046, Zakaki
Limassol, Cyprus

If you prefer to contact us via email, or by phone or fax, see below our contact details:

E-mail: info@oxilium.com.cy

Nicosia Office

Tel: +357 22 672200

Fax: +357 22 357057

Limassol Office

+357 25 004242

+357 25 394198

For more information you may also visit our website: www.oxilium.com.cy

Important note: The above is intended to provide general information only. It should not be used as a substitute for consultation with professional advisors.