

CYPRUS

CYPRIOT FUND TYPES:

Investment funds in Cyprus are broadly categorized as either Undertakings for Collective Investment in Transferable Securities (UCITS) or Alternative Investment Funds (AIFs).

UCITS are regulated under the Open-Ended Undertakings for Collective Investment (UCI) Law of 2012 (as amended) and may take the form of a Common Fund (CF) or a Variable Capital Investment Company (VCIC).

Alternative Investment Funds (AIFs) are governed by the Alternative Investment Funds Law of 2018 (AIF Law), which aligns with the EU Alternative Investment Fund Managers Directive (AIFMD). They may operate as open-ended or closed-ended funds and can be organized as umbrella structures with multiple compartments for asset segregation:

- Common fund (CF) – not applicable for AIF LNP;
- Variable capital investment company (VCIC);
- Fixed capital investment company (FCIC);
- Limited partnership with or without legal personality (LP).

Furthermore, AIFs can be categorised as the following:

- AIF – Alternative investment funds that can be offered to unlimited number of investors, and are subjected to greater regulation and oversight under the AIF regime;
- AIF LNP – Alternative investment funds with limited number of persons. There is a limit on the number of investors allowed, currently 50;
- RAIF – Registered alternative investment funds are not subjected to authorization and licensing procedures in Cyprus. Registration with Cyprus Securities and Exchange Commission (CySEC) is required.

Regulatory oversight is provided by CySEC, which authorizes and supervises AIF and AIF LNPs, while RAIFs are indirectly supervised through their licensed managers. External managers must be authorized under the AIFM Law or AIFMD, and transparency, reporting, and investor protection requirements apply across all AIF types.

CYPRIOT HOLDING RESTRICTIONS:

- Ultimate beneficial owners who are **Cyprus tax residents** are not allowed to hold Cyprus investment funds through IFSAM. It is the responsibility of the client to ensure compliance with the restriction.

- On the basis of the risk-sensitive approach taken by the Cypriot authorities, clients are recommended to take a conservative approach to underlying clients and ultimate beneficial owners from “**FATF - other monitored jurisdictions**” in relation to Cypriot Investment Funds.
- Restrictions provided by the **issuer** (for example, restrictions set out in the prospectus of a fund).
- **Sanction laws** may restrict the operation of the fund in countries that are subject to sanctions.
- The funds must not be, directly or indirectly, marketed to, offered to, subscribed for, or purchased on behalf of **U.S. Persons**

DISCLOSURE:

Background and Legal basis:

When holding Cypriot investment funds, IFSAM is required under applicable legislation to disclose the identity and holdings of clients and/or ultimate beneficial owners.

- Prevention and Suppression of Money Laundering Activities and Financing of Terrorism (AML law);
- Know-your-client (KYC) requirements.

Cypriot fund managers and their agents as the “obliged entities” under Cypriot law, are required to conduct know-your-client (KYC) checks on clients and applicants for business, including any ultimate beneficial owners holding 10% or more voting (or equivalent) interests in the client or applicant.

Clients are advised that certain Cypriot public authorities are entitled to receive information on IFSAM clients and ultimate beneficial owners, which include the following, who may also channel their disclosure requests through Cypriot fund managers and fund agents.

- The Unit for Combating Money Laundering (MOKAS);
- Cyprus Securities and Exchange Commission (CySEC);
- Cyprus Tax Department.

Important Information:

Disclosure requirements

The client shall respond to any information and/or disclosure request in all cases. Any such request, including requests originating from the fund, the asset manager, a competent governmental or regulatory authority, or any other relevant third party, shall be forwarded by

IFSAM to the client for response without assessing the validity or merits of the request. The client's obligation to respond applies either where a response is required under applicable laws, regulations, and mandatory legal or regulatory requirements, or, in the absence of such mandatory obligations, on a voluntary basis following a valid disclosure request forwarded by IFSAM in accordance with the fund's legal documentation and applicable local laws. In all cases, the client shall provide all information necessary in this context.

Clients agree not to unreasonably withhold consent to such requests and undertake to indemnify and hold harmless IFSAM from any damages, liabilities, or claims arising directly from non-compliance with mandatory local disclosure obligations.

In most jurisdictions, disclosure obligations stem from domestic equivalents of the Companies Act, Investment Funds Act, or Anti-Money Laundering legislation, and typically apply to all fund types.

In certain cases, client-related data (including personal and tax information) may be disclosed to the asset manager, fund, distributor, or competent authorities, including tax authorities, if there is a legal or reasoned basis for doing so.

The Disclosure Requirements are provided for informational purposes only and do not constitute legal advice. Clients are strongly encouraged to seek independent professional counsel regarding securities held with IFSAM particularly in jurisdictions where disclosure obligations may apply directly to clients, shareholders, or beneficial owners, even if IFSAM is not subject to such obligations.

Please note that IFSAM may not always receive comprehensive updates or notifications regarding changes to local disclosure requirements.

Ultimately, it is the client's sole responsibility to ensure compliance with all applicable disclosure obligations. Failure to comply may result in penalties, for which the client will be fully liable. Clients are therefore advised to obtain independent legal advice on the existence and interpretation of relevant local disclosure rules.

Note: In all jurisdictions, if a breach of disclosure obligations is suspected—such as exceeding a reportable holding threshold without notification—regulators and authorities may initiate investigations. Disclosure obligations may also be triggered by enforceable judgments issued by competent courts in the relevant jurisdiction.

Cooling Off Period

Distributors using the IFSAM platform are classified exclusively as eligible counterparties / professional clients or professional investors and act as principals vis-à-vis their respective end-clients.

Where such distributors offer products to retail investors—including, for example (but not limited to), ELTIFs subject to a statutory cooling-off (withdrawal) period, the application, monitoring and management of the relevant retail investor protections are entirely the responsibility of the distributor, in accordance with applicable regulatory requirements.

U.S. Person Restrictions



Clients are advised that units of the funds must not be, directly or indirectly, marketed to, offered to, subscribed for, or purchased on behalf of U.S. Persons. If a client becomes aware that any investor qualifying as a U.S. Person has subscribed to units of funds, the client must notify IFSAM immediately.

The term “U.S. Person” refers to the definition provided in the fund’s prospectus, which is based on Rule 902 of Regulation S under the U.S. Securities Act. It explicitly excludes any “Non-United States person” as defined in Rule 4.7 under the U.S. Commodity Exchange Act, as amended.

Holding Restrictions Disclaimer:

The information provided under Holding Restrictions reflects the current legal and regulatory environment and may be supplemented by additional holding restrictions as set out in the prospectus and/or other official fund documentation. While IFSAM believes the information to be accurate, it does not guarantee its completeness or correctness and disclaims any liability in this regard.

In the event of any discrepancy between the information provided by IFSAM, the prospectus and/or official fund documentation and applicable local laws or regulations, the latter shall prevail.

The Holding Restrictions are for informational purposes only and do not constitute legal advice. Clients are strongly encouraged to seek guidance from independent professional counsel to ensure compliance.

Clients are solely responsible for adhering to the applicable holding restrictions including any additional holding restrictions set out in the prospectus and/or official fund documentation and agree to indemnify and hold harmless IFSAM from any loss, expense, liability, damage, or claim—whether direct or indirect—arising from non-compliance.