



PRUDENS

corporate and fiduciary services

Corporate
Finance
Services

2024

"Your investment needs... our mission"



PRUDENS

corporate and fiduciary services

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Choosing Prudens Corporate Finance

They say, *"It's not what you know,
it's who you know."*

At **Prudens Corporate Finance**
we say

"Why Choose?"

Our team of professionals has a combined experience of over 100 years in the financial industry in Cyprus and in doing so has built and maintained strong relationships with all regulatory bodies in Cyprus as well as a strong and extensive network of external associates. Although Prudens is a well established fiduciary and corporate service provider in Cyprus, we run our shop more like a boutique than a large corporation, taking a hands-on and more personal approach to our clients, putting their needs first and striving to create long lasting relationships and value from within.

Our clientele includes institutional investors, corporations as well as individuals from Cyprus and abroad. We take pride in offering a wide range of services, aiming in adding value to our clients with our customized approach and our dynamic and innovative techniques. Through our qualified personnel and established network, we are able to service clients of all sizes, regarding corporate advisory services.

Our Vision

To be the preferred corporate financial services provider in creating lasting value.

Our Mission

Through our high caliber professionals, we join forces with our clients to meet their investment goals, by offering immediate and innovative corporate financial solutions.

Clarity

Teamwork

Responsibility

Our Values and
Strategic
Pillars

Image

Differentiation

Growth

People

Relationships

Efficiency

Who we are

In 2021, following over 30 years of success in the financial services industry in Cyprus, the Investment Banking team of Sharelink Securities and Financial Services Ltd broke off from their company, and joined Prudence Limited as its new Corporate Finance arm, bringing with it its reputation of being one of the leading providers of such services in the domestic capital market.

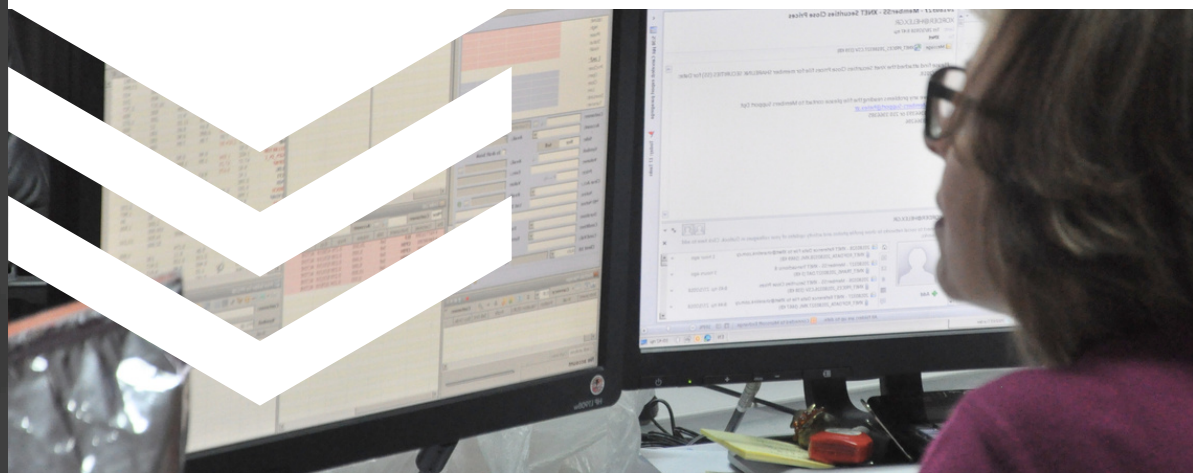
The **Prudence Corporate Finance Team** provides corporate advisory services to a wide spectrum of corporate customers with operations in Cyprus and abroad. It serves both public as well as privately owned companies, operating in diverse sectors of the economy including, among others, retail and consumer goods, information technology, shipping, property, tourism and leisure. Our aim is to assist our clients to achieve long-term value for their stakeholders, by giving them advice on raising funds, setting their capital structures, preparing their companies for listing and facilitating acquisitions.



Our Services

The **Prudens Corporate Finance Team** provides a wide arrange of corporate finance services such as:

- Corporate advisory services to undertakings on capital structure, industrial strategy and related matters
- Services relating to mergers and acquisitions
- Services related to listings of financial instruments on the CSE or other recognized markets
- Nominated Advisory services for companies listed on the ECM of the CSE or compliance advisory services to companies listed on the regulated markets of the CSE
- Valuation reports
- Setting up of regulated entities in Cyprus such as funds or CIFs



Cyprus Stock Exchange

CSE Background and Markets

The Cyprus Stock Exchange was established as a legal entity in the form of a public corporate body under the Cyprus Securities and Stock Exchange Laws and Regulations which were passed by the House of Representatives in 1993 and 1995, respectively. The first trading session on the Cyprus Stock Exchange was held on March 29, 1996. (For more information on the CSE visit www.cse.com.cy)

The Stock Exchange currently operates two markets: the Regulated Market and a market in the form of a Multilateral Trading Facility (MTF) the “Emerging Companies Market” (the “ECM”).

Regulated Markets: The regulated market of the CSE is entirely conformed to EU standards and is supervised by the CySEC. The issuers pursuing to list their shares on the regulated market can choose from one of the two regulated markets, which are the **Main Market** and the **Alternative Market**. The Main Market is considered to be a more demanding market than the Alternative Market, with stricter admission and trading requirements, additional obligations and higher fees. Issuers pursuing the listing of Corporate Bonds on the Regulated Market will be listed on the Corporate Bonds Market.

Emerging Companies Market: The **ECM** is a Multilateral Trading Facility as described in the MiFID II Directive. It is characterized as a “non-regulated market”, as it is not subject to the mandatory provisions applying to regulated markets which impose stricter admission and trading requirements and continuous obligations. It is subject to the provisions of the “Regulatory Decisions of the Council of the Cyprus Stock Exchange on the Stock Exchange Markets” (Regulatory Administrative Act 379/2014 as amended). Unlike the regulated markets, the CSE is solely responsible for the approval of the listing of an issuer on the ECM (provided that there is no public offering).

Getting
your
Company
Listed

The **Prudens Corporate Finance Team** has had great experience and success with getting companies listed on their selected markets of the CSE.

Advantages of Listing on the CSE

1. A vehicle to raise capital

The CSE provides listed companies with an alternative way to raise capital, in order to finance their development and growth activities, reducing their reliance on the more conventional ways of raising capital.

2. Growth, Development, and Strength

Due to increased competition, companies need to invest on a larger scale, making effective decisions, striving hard for efficiency and improvement in their productivity, in order to achieve an equal status with their global counterparts. Going public and obtaining a listing may offer a way for your company to become more competitive as it gains access to the crucial funds needed to boost their growth potential, gain strength and reach the size required to be able to compete on a global scale.

3. Opportunity to invest abroad

Following the liberalisation of interest rates and the removal of restrictions in capital flows, listed companies will be able to utilise the funds raised through the CSE in order to invest abroad in countries where finance is difficult to obtain, but where prospects are promising. In the same way, companies from abroad will be given the chance to invest in local companies, and naturally, listed companies will enjoy the lion's share in foreign investment. At this point, it must be mentioned that, the chances of achieving such international goals are greatly enhanced if a company has a local listing and a credible record before it seeks a listing abroad.

4. Enhanced corporate image

Listed companies enjoy the privilege of attracting the lights of publicity, with all the positive connotations associated with this fact. Furthermore, obtaining a listing has a status factor associated with it, which often enables listed companies to obtain finance at better terms than a private company.

5. Marketability

Investors who choose to invest in listed companies can liquidate their investments at any time, an advantage that cannot be enjoyed by those who invest their money in private companies.

6. A path to mergers and acquisitions

It is much easier for listed companies to proceed with a merger or an acquisition of either a company listed on Cyprus Stock Exchange or a foreign company, and enjoy the synergy from such an option. The reason for this is that access to the economic affairs of listed companies is much easier and this combined with the transparency in transactions, enables offerors for more accurate assessments of the potentials and the synergy to be gained from such a move.

7. No obligation to disclose Ultimate Beneficial Owners (UBOs)

Issuers listed on the CSE Markets are exempted from the obligation to disclose their UBOs to the special registry of the Registrar of Companies as per the AML legislation.

Depending on our client's needs, we guide our clients through the listing process, drafting Admission Documents and/ or Prospectuses (where required and provided a licensed Underwriter will be appointed), as well as coordinating the whole process from start to finish. We remain the first point of contact with the regulatory authorities, constantly monitoring the approval process, liaising with the examining officers, coordinating the submission of required documentation, and advising all the parties involved as to the speedier and most effective satisfaction of the legal requirements and the regulatory body's/bodies' requests and comments.

Further to services provided prior to the listing, our **Corporate Finance Team** continues to provide services to CSE listed companies. In cases of companies listed on the Regulated Markets such services might be in the form of corporate advice, compliance advice with the CSE and CySEC laws and regulations, corporate actions, valuations and/ or listings of additional or new types of securities. In cases where the company is listed on the ECM, our team provides services in the form of outsourced compliance with the CSE laws and regulations, referred to as Nominated Advisor services, making sure our client complies with its obligations that derive from all regulations governing the ECM.

CSE Markets Requirements

Listing Requirements for all CSE Markets

An issuer of transferable securities seeking to list its securities on any market for the first time should satisfy the CSE Council that they fulfill the following general requirements:

- The issuer has been legally incorporated and operates, in the case of a company which is public, in accordance with the law of its place of incorporation, which grants it the power to issue securities to the public;
- The issuer has the power to issue the specific securities whose listing it seeks in accordance with the law of its place of incorporation, its memorandum and articles of association or any other document which governs the terms of its incorporation and the relations among its members;
- Except in the case of parallel listing or when the issuer lists its securities which are already listed on an organised market, the listing concerns all the titles of the same category issued or to be issued, as well as any rights or other financial derivatives which are converted or grant the right to be converted into titles of the same category as the ones to be listed;
- It proposes the listing of titles whose transfer is free. By exception, the Council, in justified cases, shall accept the listing of titles whose transfer is subject to restrictions, as long as it deems that these restrictions do not affect the smooth operation of the stock exchange market as regards these titles;
- In the case of an issuer which has titles listed on a stock exchange abroad, he complies fully with the terms and conditions of this stock exchange;
- It is not bound against anyone in a manner which is incompatible with the interests of the holders of its titles;
- It ensures equal treatment of the beneficiaries of the securities of the same category in relation to all rights or obligations relating thereto;
- In the case of shares, it ensures that any future issue shall be offered initially to the existing shareholders depending on the percentage that each one of them holds in the issuer's capital, unless the shareholders otherwise decide by a special resolution;
- It proposes for listing fully paid titles;
- It is ready and capable of handing over its Registry to the Central Depository and Registry, when this is applicable and to fulfill any obligations at the undertaking or later at the keeping of the Registry or Registries of the registered holders of his securities;
- It is provided that in the case of issuers whose Registry will not be kept by the CDR, to ensure and maintain the services of a clearing agent who will undertake the clearing of the transactions.

Additional Requirements for the Regulated Markets

- Have at least four Directors.
- Satisfy the CSE Council that it has sufficient working capital.
- Satisfy the CSE Council that it has all the necessary guarantees to protect investors.
- The greatest part of its revenues or assets do not originate from or are related to shipping activities, unless the issuer is activated in the field of shipping.

It is also noted that according to the Auditors' Act 2017 (Law No. 53(I)/2017) every public-interest entity must have an Audit Committee which must:

- Constitute either an independent committee or a committee of the board of directors or of the supervisory body of the audited entity; and
- Be composed of non-executive members of the board of directors and/or members of the supervisory body of the audited entity and/or members appointed by the general meeting of the shareholders of the audited entity or, in the case of the entities without shareholders, by an equivalent organ.

At least the chairman of the Audit Committee shall have competence in accounting and/or auditing, and the committee members as a whole shall have competence relevant to the sector in which the audited entity is operating. A majority of the members of the Audit Committee shall be independent of the audited entity.

	MAIN MARKET	ALTERNATIVE MARKET	ECM
APPLICATION FOR LISTING / PROSPECTUS REQUIREMENT	<p>A Prospectus under the relevant Prospectus Laws should be approved by the CySEC.</p> <p>An Admission Document in the form of Annex 4 should be approved by the CSE Council.</p>	<p>A Prospectus under the relevant Prospectus Laws should be approved by the CySEC.</p> <p>An Admission Document in the form of Annex 4 should be approved by the CSE Council.</p>	<p>An Admission Document in the form of Annex 9 should be approved by the CSE Council.</p> <p>A Prospectus is not required for admission but it might be required if there is an offering of the securities to be listed that is not exempted from the relevant Prospectus Law.</p>
MARKET CAPITALIZATION	<p>At least €3.500.000.</p> <p>Or the Issuer keeps for each one of the two years prior to listing an equity capital exceeding €3.000.000.</p>	At least €1.000.000.	N/A
SHARE DISPERSION	At least 25% of the listed shares are held by the public, from at least 300 physical or legal persons and no shareholder controls directly or indirectly ≥75%.	At least 10% of the listed shares are held by the public, from at least 100 physical or legal persons and no shareholder controls directly or indirectly ≥75%.	Shares are held by the public from at least 10 physical or legal persons unrelated with the major shareholder(s).
AUDITED ACCOUNTS	The issuer has prepared audited accounts and operated normally at least 3 years prior to its listing with a positive net worth for the year prior to its listing.	<p>The issuer has prepared audited accounts and operated normally at least 2 years prior to its listing.</p> <p>Exemption - Listing of recently established company.</p>	<p>The issuer has prepared audited accounts and operated normally at least 2 years prior to its listing.</p> <p>Exemption - Listing of recently established company.</p>
PROFIT AFTER TAX	Issuers show profit after tax according to the audited accounts for at least two of the last three years.	N/A	N/A
QUALIFIED AUDITOR'S REPORT	The Auditors' Report must not contain any reservation for the year before the listing.	N/A	N/A
CORPORATE GOVERNANCE CODE	Fully adopts the Corporate Governance Code of the CSE.	Must adopt or explain why it has not been adopted.	N/A
BINDING STATEMENT	Submission of a binding statement of shareholders holding >5% of the share capital on their intentions regarding the shares they hold for the year following the listing year.	N/A	N/A
WEBSITE	Yes	Yes	Yes
COMPLIANCE OFFICER / NOMINATED ADVISOR	Engages a Compliance Officer for stock exchange issues on a permanent basis.	Engages a Compliance Officer for stock exchange issues on a permanent basis.	Must have a CSE registered Nominated Advisor during and after the Listing.
BANK ACCOUNT	N/A	N/A	Yes
ACCOUNTING DEPARTMENT	To have a well-organized Accounts Department, headed by a Certified Accountant, member of the Institution of Certified Public Accountants of Cyprus or an equivalent Professional Body.	N/A	N/A
ANNOUNCEMENT OF FINANCIAL STATEMENTS	Audited annual and unaudited quarterly reports must be publicized.	Audited annual and unaudited half year reports must be publicized.	Audited annual and unaudited half year reports must be publicized.

*An issuer has to satisfy the above requirements at all times (continuing obligations).

CSE Bond Markets

The CSE has two bond markets:

The Regulated Bond Market: The Regulated Bond Market of the CSE is entirely conformed to EU standards and is supervised by the Cyprus Securities and Exchange Commission (the "CySEC"). A company with listed titles on the Main must comply with the laws, regulations and directives of both the CSE and the CySEC.

The Emerging Companies Bond Market (the "ECM"): The ECM is a Multilateral Trading Facility (MTF) as described in the MiFID II Directive. It is characterized as a "non-regulated market", as it is not subject to the mandatory provisions applying to regulated markets which impose stricter admission and trading requirements and continuous obligations. It is subject to the provisions of the "Regulatory Decisions of the Council of the Cyprus Stock Exchange on the Stock Exchange Markets" (Regulatory Administrative Act 379/2014 as amended) (the "CSE Council Decisions"). The CSE is solely responsible for the approval of the listing of an issuer on the ECM (provided that there is no public offering). The CSE is in turn regulated by the CySEC.

In general the Main is considered to be a more demanding market than the ECM, with stricter admission and trading requirements, additional obligations and higher fees.

Listing Requirements for Bond Markets

The application of any Issuer that wishes to list Corporate Bonds on **ANY** Bond Market of the CSE must follow the below set of requirements:

- The total value of the listing is greater than €200.000.
- The Issuer proposes fully paid titles for listing.
- The Issuer proposes the listing of bonds whose transfer is free.
- If the bonds are converted or exchanged into shares or options to acquire shares, the shares to which they refer should be listed on the CSE or a recognized stock exchange.
- The Issuer appoints a competent person as a trustee for the protection of the interests and rights of the holders of bonds.
- The Issuer must draw up and publish a document binding by law which provides that it is not possible to amend the terms of the bonds unless the consent of 75 % of the beneficiaries of total bonds is given, and which makes reference to or includes:
 - The rights and obligations of the issuer against the beneficiaries or representatives or trustees of the beneficiaries.
 - The relation between the rights of the beneficiaries and the rights of the beneficiaries of other securities and bonds of the same issuer or other issuer on whom the issuer or its capital depends.
 - The reserves, the procedure of repayment or other provisions relating to the amortisation of the debt.
 - In the case of bonds whose repayment or partial repayment is guaranteed by a third party, a copy of the decision or of the document providing the guarantee.
 - The name or names of the representatives or trustee for the representation and protection of the interests of the beneficiaries, the terms of replacement and his responsibilities.
- Except in the case of parallel listing or when the issuer lists its securities, which are already listed on an organised market, the listing concerns all the titles of the same category.
- If the Issuer has titles listed on a foreign stock exchange, the Issuer must fully comply with the terms and conditions of this stock exchange.
- The Issuer is not bound against anyone in a manner which is incompatible with the interests of the holders of its titles.
- The Issuer must ensure equal treatment of the beneficiaries of the securities of the same category.
- The Issuer must be ready to hand over their Registry to the Central Depository and Registry (where applicable).

Listed on Regulated Markets

Listed on ECM



**last updated December 2023*

Bond Market Requirements Comparison for Issuers

	REGULATED MARKET	ECM
APPLICATION FOR LISTING / PROSPECTUS REQUIREMENT	<p>A Prospectus under the relevant Prospectus Laws should be approved by the CySEC.</p> <p>An Admission Document in the form of Annex 4 should be approved by the CSE Council.</p>	<p>An Admission Document in the form of Annex 9 should be approved by the CSE Council.</p> <p>A Prospectus is not required for admission but it might be required if there is an offering of the securities to be listed that is not exempted from the relevant Prospectus Laws.</p>
AUDITED ACCOUNTS	<ul style="list-style-type: none"> •Provide 1 year's audited financial statements. (Exemption - Listing of recently established company). •The Applicant must have sufficient working capital. 	N/A
BOARD OF DIRECTORS	Must be comprised of at least 4 Directors.	N/A
GUARANTEES	All necessary guarantees must be provided for the protection of investors.	N/A
CORPORATE GOVERNANCE CODE	Must adopt or explain why it has not been adopted.	N/A
BINDING STATEMENT	The greatest part of the Issuers revenues or assets do not originate from or are related to shipping activities, unless the issuer is activated in the field of shipping.	N/A
COMPLIANCE OFFICER	Engages a compliance officer for stock exchange issues on a permanent basis.	N/A
NOMINATED ADVISOR	N/A	Must have a Nominated Advisor during and after the Listing.

**An issuer has to satisfy the above requirements at all times (continuing obligations).*

Background of AIFs in Cyprus

The purpose of an Alternative Investment Fund ("AIF") is the collective investment of funds within a defined investment strategy, by the unit-holders. Such funds provide an arrangement that enables a group of investors to add their assets collectively, have these professionally managed and invested by independent managers/entities and, in case of successful investment, extract their profits in a tax efficient manner.

In July 2014 the Cyprus House of Representatives approved the enactment of the Alternative Investment Funds Law of 2014 (the "AIF Law"), which in conjunction with the Alternative Investment Fund Managers Law of 2013 (the "AIFM Law") aligns the Cypriot Investment Funds legal framework with the EU Alternative Investment Fund Managers Directive (the "AIFMD", Directive 2011/65/EU). The AIFMD is an initiative at EU level harmonizing regulation and supervision of Alternative Investment Fund Managers (AIFMs) throughout the EU. In July 2018 the new Alternative Investment Funds Law 2018 (Law 124(I)/2018, the "New AIF Law"), which replaces the AIF Law was approved by the Cyprus House of Representatives and published in the Official Gazette of the Republic of Cyprus.

The AIF Law provides the legislative framework for the recognition, regulation and supervision of AIFs and to a certain extent the persons involved in the activities of AIFs such as directors, external managers and depositaries. It is further supplemented by directives on, among others, organization and reporting requirements, issued from time to time by the Cyprus Securities and Exchange Authority (CySEC), which is the competent regulatory and supervisory body.

AIFs, being "non-UCITS" funds, are established under domestic Cyprus fund legislation. Unlike UCITS, they are not harmonised EU funds and do not have an equivalent of the "UCITS Passport" (although a similar distribution permission is possible via the AIFMD and the AIFM Law). However, they are widely recognised internationally and can be sold on a private placement basis to investors subject to compliance with local securities laws.

GETTING YOUR AIF **SET UP** AND AUTHORISED

The **Prudens Corporate Finance Team** can assist you through the licensing process, in order to obtain the relevant license, by:

- Assisting you in structuring and setting-up an AIF/ AIFLNP.
- Preparing the AIF's constitutional documents, the offering memorandum and the relevant application forms.
- Acting as a promoter of the entire application and liaise with the CySEC, as required.

ΕΠΙΤΡΟΠΗ
ΚΕΦΑΛΑΙΑΚΩΝ
ΚΥΠΡΟΥ
SECURITIES AND EXCHANGE

Alternative Investments Funds

Forms of AIFs

An AIF can take one of the following forms:

- **Common Fund**
- **Company with Fixed or Variable Capital**
- **Limited Liability Partnership**

An AIF will be open-ended in the event the investors are granted any redemption rights prior to the beginning of the liquidation period of the AIF. All other AIFs are defined as being closed-ended.

An AIF can be structured as a stand-alone fund or a multiple compartment fund ("Umbrella Fund") which creates separate sub-funds (compartments) under the roof of a single legal entity. These sub-funds function as independent entities, each with, among other, its own investment policy and restrictions and distribution market.

Distinguishing between investors

The AIF Law defines a professional investor as an investor who is considered to be a professional client or may, upon the investor's request, be treated as a professional investor within the meaning of Annex II of the Investment Services and Activities and Regulated Markets Law of 2017, as amended.

The AIF Law defines a well-informed investor as being a non-professional investor who fulfils the following conditions:

- Confirms in writing that he is a well-informed investor and that he is aware of the risks related with the proposed investment; and
- Either invests a minimum of €125.000 in the AIFLNP, or he is successfully assessed as a well-informed investor by either a credit institution in Cyprus or the EU; an investment firm in Cyprus or the EU; or a UCITS management company.

WHY AN AIF IN CYPRUS?

Choosing an AIF has many of significant advantages:

- Increased flexibility as a number of asset classes can be included in an AIF investment strategy.
- Modern regulatory framework fully in line with relevant EU directives.
- Cost-efficient and simple to set-up, manage and operate.
- Subject to the approval of the CySEC, the AIFs can be self-managed.
- AIFs can be set-up as Umbrella Funds with multiple compartments, allowing the management of different sub-funds with separate investment policies.
- AIFs can be listed on the CSE and other recognized stock exchanges and AIFs marketed to retail investors can be traded.
- Significant tax incentives offered by the country's advantageous tax framework.
- No withholding tax on dividend distributions and no taxation of capital gains.
- The services provided by the Investment Manager of the fund are not subject to VAT.
- The "company" legal form of an AIF can take advantage of the double tax treaty network of Cyprus.
- The application process is fairly simple and not particularly time consuming.
- Full transparency through annual audited reports to CySEC and investors.

AIF Types

The AIF Law allows for three different AIF types to be set up/registered in Cyprus:

AIFs with unlimited number of investors (“AIF”) refer to retail or well informed and/or professional investors.

AIFs with Limited Number of Persons (“AIFLNP”) that limit the maximum number of investors to 50 and refer to well informed and/or professional investors. An AIFLNP is a “lightly” regulated investment fund, representing a more flexible legal form of an AIF.

Registered AIFs (“RAIF”) that are not subject to authorisation or licensing by CySEC but to a mere registration with CySEC by its authorized manager.

Characteristics of AIFs

- May be marketed to retail, or well-informed and/or professional investors.
- Can be self-managed or appoint a management company. An AIFMD may be needed to be appointed if the assets under management exceed the AIFMD thresholds of €100m (including leverage) or €500m (without leverage, and no 5-year lock-up period for investors).
- A Depositary is required for safekeeping and cash monitoring.
- It offers umbrella structures with multiple investment components that can operate individually thus allowing the structures to have different investments policies and different assets and liabilities.
- AIFs marketed to retail investors can be listed and traded on a recognized stock exchange of EU or other third countries.
- Minimum funds raised within 12 months from receiving its license should be €500k (initial capital not included). For umbrella structures the minimum requirement applies per compartment.
- Minimum share capital requirement is set to €125k for self-managed funds. For umbrella structures the minimum requirement applies per compartment.
- CySEC holds the right to impose investment restrictions for risk spreading and liquidity.
- An AIF may be subject to certain investment restrictions depending on the investor type and the overall investment policy.
- The AIF prepares two reports yearly. The first report will include the first half year report and the second will be the annual report, both to be submitted to CySEC and notified to the investors.

Characteristics of AIFLNPs

- May be marketed only to well informed and/or professional investors.
- Can be either self-managed or externally managed by an appointed management company (either special purpose or regulated company e.g. an Investment Firm or an AIFM).
- Maximum number of investors limit has been set to 50 (including joint holders and members of legal entity investors).
- It offers umbrella structures with multiple investment components that can operate individually thus allowing the sub-funds to have different investment policies and different types of assets and liabilities, however the limitation on the number of investors is applicable to all investment components.
- The appointment of a Custodian/ Depositary is not a requirement when the total assets of the fund are less than €5m or the fund has up to 5 investors or the portfolio of the fund includes mainly assets that are not eligible for safekeeping (assets eligible for safekeeping are less than 10% of the portfolio) and the investors of the fund are limited to 25 and the minimum investment per investor is at least €500k.
- Minimum initial capital for the self-managed AIFLNPs and the companies with sole purpose the management of an AIFLNP is set to €50k. The initial capital can be comprised of cash or liquid assets and is additional to any funds raised.
- Minimum raised funds within 12 months from receiving its license should be €250k (initial capital not included). For umbrella structures the minimum requirement applies per compartment.
- At least three Directors on the Board of the self-managed AIFLNP and the company with sole purpose the management of an AIFLNP, from which at least one is executive. At least two managers are required (four eyes principle).
- There are no investment policy restrictions.
- The AIFLNP prepares unaudited six-monthly accounts and an audited annual report to be submitted to CySEC and to be available to the investors.

Characteristics of RAIFs

- May be marketed only to well informed and/or professional investors.
- RAIFs are registered, managed and supervised through their licensed manager who also undertakes to issue the relevant prospectus.
- RAIFs are registered by the CySEC but not licensing or authorization required
- RAIFs should be managed by an Alternative Investment Fund Manager (AIFM), licensed by the AIFM Law (exemption only for closed-ended LLPs that invest in non-liquid assets - at least 70% of their assets – that can be managed by Investment Firms or Management Companies of UCI Law).
- A Depositary must be appointed, and must be based in Cyprus, except for Limited Partnerships managed by a MiFID entity
- It may operate as open or closed-ended and take the legal form of an investment company, a limited partnership or a common fund.
- It offers umbrella structures with multiple investment components that can operate individually thus allowing the structures to have different investments policies and different assets and liabilities.
- The name must include the term RAIF.
- It can be marketed only to professional and well informed investors.
- No initial capital requirements apply but the net assets of the fund must reach €500.000 within first 12 months from being registered.
- The RAIF prepares unaudited six-monthly accounts and an audited annual report to be submitted to CySEC and to be available to the investors.

ADVANTAGES OF AIFLNP^s

The most common form of AIFs in Cyprus is the AIFLNP

- No investment restrictions.
- No investment diversification requirements.
- Low setup and maintenance costs.
- The ability to create legally segregated sub-funds.
- May not be required to appoint a licensed manager or a Depositary in certain circumstances.

ADVANTAGES OF RAIF^s

The newest form of AIFs in Cyprus

- No investment restrictions.
- No investment diversification requirements.
- Low setup and maintenance costs.
- The ability to create legally segregated sub-funds.
- No minimum initial capital requirements.
- No authorisation or licensing is needed but a mere registration with CySEC by its authorized manager.



Cyprus - Country Profile

Cyprus as a Financial Services Centre

The Cyprus financial services sector is diverse, comprising of domestic banks, International Banking Units (IBUs), insurance companies, and many reputable companies offering financial intermediation services.

Cyprus banking & financial services sector legislation is in line with international best practices and has a simplified, effective and transparent tax system, which is fully EU, OECD, FATF and FSF compliant. Commercial banking arrangements and practices follow the British model, all banks maintain correspondent networks around the world and are able to carry out both traditional and specialised financial transactions.

Cyprus has a business-friendly tax system, which provides specific exemptions and incentives for investment. Even after the Eurogroup's decision (March 2013), Cyprus retains its competitive advantage as a financial centre.

Professional Services in Cyprus

Cyprus is widely recognised as a centre of excellence in the provision of professional services. With an abundance of highly-skilled and experienced multilingual professionals, Cyprus offers a full range of modern, advanced professional services at competitive rates. Lawyers, attorneys, auditors, tax advisors, financial advisors and other specialists, who are often educated at the best universities worldwide, offer high-quality services to support all types of businesses, from large listed entities to family offices and entrepreneurs.

Further evidence of Cyprus' recognition as a reputable international financial and business centre is the decision of two of the world's leading accounting organisations, the Institute of Chartered Accountants in England and Wales (ICAEW) and the Chartered Institute of Management Accountants (CIMA), to select Cyprus as the first country in the world outside the United Kingdom to train ICAEW and CIMA accountants.

Cyprus offers a wide range of professional accounting, auditing, management consultancy, taxation, financial advisory and other administrative services to both the private and public sectors. While in accounting Cyprus follows the International Financial Reporting Standards (IFRS), the country's legal system is based on English Common Law principles, incorporating the body of laws and regulations of the EU.

The legal industry, with over 3,000 registered advocates, that in their majority studied and/or qualified in the UK and other top worldwide destinations, and more than 160 limited liability law firms provide a wide range of high quality legal services in areas such as international law, corporate administration and management services, while most large law firms are affiliated or collaborate with international law firms.

ADVANTAGES OF DOING BUSINESS IN CYPRUS

HIGHLIGHTS

- Member of the European Union since 2004 and the Eurozone since January 2008
- Internationally acclaimed business infrastructure
- English Common Law and compliant with the EU Acquis Communautaire
- Lowest Tax Regime in the EU combined with an attractive Tax Treaty Network
- Ideal Mediterranean climate and safe living & working environments

UNIQUE TAX ADVANTAGES OF CYPRUS

- Among the lowest corporation tax rates in the EU (12.5%).
- Extensive double tax treaties network with over 40 countries.
- No tax on profits from the sale of securities including shares, equity-based bonds, options, etc.
- No minimum holding period for sale of securities.
- No capital gains tax on the disposal of immovable property situated abroad.
- No withholding tax on the repatriation of dividends, interest and almost all royalties.
- Profits earned from a permanent establishment abroad are fully exempt from Cypriot tax, subject to certain conditions
- No tax on distributions from company liquidations.
- Corporate tax losses can be carried forward for 5 years.
- One of the lowest EU personal income tax rates.



How long will it take to get listed on the CSE?

We receive this question a lot and to be honest, it depends. We work closely with our clients, listening to their core needs, and making sure that we find the solution and option that adds the most value to their company, working swiftly to help them reach their goals.

For Regulated Markets, the CySEC adopts a strict 20-day response timeline, for new issuers, when examining Prospectuses, whilst for companies applying for listing on the ECM of the CSE no such timelines exist.

Based on our experience the time needed for the approval of the Prospectus, provided that all essential information is provided by the Company, in a timely manner and there is ready co-operation from all persons involved, is not expected to exceed 4 months, as below:

- 1 month (appr.) for the preparation of all documentation to be submitted to the CySEC for approval, and
- 2 months (appr.) for the approval of the Prospectus by CySEC (depending on the comments received by the CySEC).

It is envisaged that the preparation of the documentation to be submitted to the CSE and the pre-approval process will run in parallel with the approval of the Prospectus by CySEC and thus only 2 additional weeks (appr.) will be needed for the final approval of the CSE for the Listing.

For the ECM we estimate that the whole application process for the Listing will not exceed 2 months from the date of the first application to the CSE, provided that all information is delivered by the Company, in a timely manner and there is ready co-operation from all persons involved.



How much does it cost to get listed on the ECM? How about the Regulated Markets?

The fees related to listing on the markets of the CSE are relatively low as compared to other European Stock Exchanges. Fees however do vary from market to market, security type and market capitalization. Thus, the CSE fees for an application and the listing of your company's shares for up to €2 mil market cap is currently estimated to be about €7.000 on the ECM. For the Regulated Market, there are additional fees to the CySEC. The combined approximated fees to the CySEC and CSE for listing on the Main Market are €15.000 and for the Alternative Market €11.000. For listing bonds on the CSE the fees are approximately €8.000, with the Regulated Market requiring another €4.000 CySEC fees. The fees stated here are limited to the CSE and CySEC fees for listing and do not include any other fees and out-of-pocket expenses that may incur nor Prudens' remuneration that in each case will depend on the services that will be provided, the complexity of the listing, the degree of responsibility for the discharge of our duties, the skill involved and the time necessarily occupied on the work.



Can I list on the ECM and then list to the Regulated Markets?

Yes, and this is something we suggest to newly incorporated or relatively young companies. Listing on the ECM will allow your company to build its reputation as a listed company, and afterwards make the transition and list to one of the more prestigious regulated markets of the CSE. You may also choose to list on the Alternative Market, and then list to the Main Market when your company has grown in size and experience to adhere to the Corporate Governance Code necessary for listed companies on the Main Market.



How do I make sure my listed company complies with the CSE regulations?

Our IB department offers Nominated Advisor services after your successful listing on the ECM. We work alongside your company, making sure that you are always complying with all regulations of the CSE regarding necessary announcements and any and all on-going obligations your company has as a listed company on the ECM.

Companies listed on the Regulated Markets must engage a person on a permanent basis, who knows very well the Stock Exchange Legislation and the decisions of regulatory nature of the Council and the Cyprus Securities and Exchange Commission, as a Compliance Officer for stock exchange issues and the Corporate Governance Code.



Can I be listed on another market and proceed with a listing on the CSE?

Yes, your company can proceed with a parallel listing on the markets of the CSE.



Can my company's **registry** (shares or bonds) be held in any CSD such as CREST, Euroclear, and Clearstream?

Yes, your company can be listed on the CSE markets and your registry can be maintained by a different depository. In the case of issuer whose Registry will not be kept by the CSD of CSE, as long as the issuer secures and maintains the services of an agent who will be responsible for the clearing of the transactions executed at the CSE. In such a case, in addition to other required documents, the Issuer should submit:

- The details of the clearing agent who will undertake the clearing of the transactions in its stocks.
- A copy of the contract concluded or intends to conclude with the clearing agent.
- A report outlining the terms, conditions, fees and other details that will be required for the clearing of his transactions.



How **long** does it take to get an AIF or an AIFLNP authorised?

From our experience and provided that all information is provided to our team in a timely manner, the preparation of all the materials necessary before the first application to the CySEC takes up to one (1) month. Further, the whole application process, from the submission of the application to the CySEC till the authorisation from the CySEC, takes approximately four (4) months. In order to speed up the examination of the Application by CySEC you may select to follow the "fast track" examination scheme by paying the relevant fees to the CySEC.



How much does it **cost** to set up an AIF? An AIFLNP?

The Application to CySEC for the authorisation of an AIF with no sub-funds is currently €1.800 plus €400 per sub-fund while for an AIFLNP with no sub-funds €1.300 plus €300 per sub-fund (up to 15 compartments).

CySEC "Fast track fees", according to the relevant CySEC announcement, dated 14/10/2016 are €25.000 (optional).

The fees stated above are limited to the CSE and CySEC fees for the application of authorisation and do not include any other fees and out-of-pocket expenses that may incur (such as the Registrar of Companies) nor Prudens' remuneration that in each case will depend on the services that will be provided, the complexity of the set-up of the fund, the degree of responsibility for the discharge of our duties, the skill involved and the time necessarily occupied on the work.

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PRUDENS

corporate and fiduciary services





Company Formation & Company Management



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"Choose the solution that's *Right* for you"



Our Partners



ADM Audit Trust Limited is a reputable Cyprus based firm, situated in Nicosia which is the island's main business city, offering a wide range of services, such as international tax planning, statutory audit, vat related services, trusts and company formation, international business company services as well as management consultancy services including internal audit services.

Based on their team of professionals who have years of experience in the field, and together with our associates, ADM Audit Trust Limited is in the position to provide a high level of professional service for both local and international companies.

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NAP Regulatory Compliance Services Ltd has been created having the needs and concerns of the providers of investment services and listed issuers in mind. The majority of the Cypriot Investment Firms ("CIFs") have been recently licensed and often come across complex issues of regulation and supervision, and listed issuers are faced with ever increasing transparency obligations. The landscape of the provision of investment services in and from Cyprus is rapidly changing, with the emergence of FX, Automated or Algorithmic Trading, High-Frequency Trading and Binary Trading, between others-developments virtually unknown 10 or even 7 years ago.

NAP, is well placed to provide tailor-made, outsourcing solutions for the compliance function of CIFs and listed issuers in line with the regulatory requirements, and/or provide hands-on, expert advice, not simply on the state of the law, but how can the law be applied on a given situation.

shareLINK SERVICES

Sharelink Services Ltd can assist and guide you in gaining access to full brokerage services offered by Argus Stockbrokers Ltd, which is a fully licensed Cypriot Investment Firm (10/03). ARGUS is regulated by the Cyprus Securities and Exchange Commission and is a member of Cyprus Stock Exchange (CSE) and Athens Stock Exchange (ASE). Moreover, our clients can gain access to global markets to trade stocks, ETFs or bonds through Argus Global Trader Platform (powered by SAXO) or other executing brokers with which the company cooperates.

Sharelink's team of professionals has a combined experience of over 100 years in the financial industry in Cyprus. Sharelink's clientele includes institutional investors, corporations as well as individuals from Cyprus and abroad. Through Sharelink's qualified personnel and established network, Sharelink is able to service clients of all sizes, regarding any type of financial instrument in any asset class in all major financial markets.



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MARINA SHIAMMOUTI LLC

LAWYERS - LEGAL CONSULTANTS

Marina Shiammouti LLC is a law firm based in Nicosia. Our values make us what we are. They are at the heart of everything we do. Our aim is to provide our clients with the highest quality legal services delivering cost effective solutions in an efficient, professional and businesslike manner.

*"Our mission, your success.
Our practice, your solution."*

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