



**LAW PROVIDING FOR THE ESTABLISHMENT AND OPERATION OF MINI MANAGERS OF
ALTERNATIVE INVESTMENT FUNDS
LAW 81(I)/2020**

July 2020

Important

This is an unofficial version of the Law Providing for the Establishment and Operation of Mini Managers of Alternative Investment Funds as amended. Whilst every effort has been made to ensure correctness, no responsibility is assumed for any errors which may appear.

**LAW PROVIDING FOR THE ESTABLISHMENT AND OPERATION OF MINI MANAGERS OF
ALTERNATIVE INVESTMENT FUNDS**

Based on the Law on Small Managers of Alternative Organisations Investment Law 2020 Law 81(I)/2020.

LAW PROVIDING FOR THE ESTABLISHMENT AND OPERATION OF MINI MANAGERS OF ALTERNATIVE INVESTMENT FUNDS

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The Law on Mini Managers of Alternative Investment Organisations of 2020 is issued with publication in the Official Gazette of the Republic of Cyprus in accordance with Article 52 of the Constitution.

Number 81 (I) of 2020

LAW PROVIDING FOR THE ESTABLISHMENT AND OPERATION OF MINI MANAGERS OF ALTERNATIVE INVESTMENT FUND

The House of Representatives votes as follows:

Summary title.

1. This Law shall be referred to as the Law on Small Managers of Alternative Organisations Investment Law 2020.

Interpretations.

2. (1) In this Law, unless otherwise stated in the text –

“Adequately informed investor” has the meaning assigned to it by Article 2 of the Alternative Investment Funds Law;

“AIF” or “Alternative Investment Fund” means a collective organisation investment or an investment portion thereof, which

(a) raises funds from a number of investors for the purpose of investing them in accordance with defined investment policy for the benefit of these investors; and

(b) does not hold a valid UCITS operating license under the provisions of Article 9 thereof on the Open-Ended Undertakings for Collective Investment Laws or harmonising with Article 5 of Directive 2009/65/EC legislation of another Member State;

“AIF LNP” or “AIF with a limited number of persons” has the meaning given to this condition from Article 2 of Alternative Investment Funds Law;

“AIFM” has the meaning assigned to it by Article 2 of the Alternative Investment Fund Managers Law;¹

“AIFM outside the EU” shall have the meaning assigned to it by Article 2 of the Alternative Investment Fund Managers Law;

“AIFM of the Republic” has the meaning given to this term by Article 2 of the Alternative Investment Fund Managers Law;

¹ 56(I) of 2013, 8(I) of 2015, 97(I) of 2015.

"AIF management" means the provision of the management functions referred to in subparagraph (1) of Article 5 for one or more AIF;

"AIF management functions" or "management functions" means the management functions provided for in paragraph (1) of Article 5;

"AIF share" means a share of a fund or an investment firm or a share or interest issued by a limited liability partnership, depending on the form taken by the AIF;

"Board of directors" means the board of a company that is legally appointed and has authority determining the strategy, goals and general direction of the company and supervising and monitors the decision-making process regarding management and business activities of the company;

"Close links" between two or more persons means the situation in which the faces

- (a) are related to a holding relationship, ie holding, directly or through control, a percentage at least twenty percent (20%) of the company's capital or voting rights,
- (b) are linked to a controlling relationship, ie a parent-subsidiary relationship accordingly with section 148 of the Companies Law or a similar relationship between a person and company, and for the purposes of this paragraph a subsidiary of another a subsidiary is also considered a subsidiary of the parent company of these subsidiaries, or
- (c) are permanently linked to each other by a control relationship;

"Commission" means the Cyprus Securities and Exchange Commission established and operates under the Cyprus Securities and Exchange Commission Law;²

"Company" means a company given under the Companies Law;³

"Credit institution" means

- (a) a licensed credit institution within the meaning of Article 2 of the Business of Credit Institutions Law,⁴ if it is an entity established in the Republic,

² 73(l) of 2009, 5(l) of 2012, 65(l) of 2014, 135(l) of 2015, 109(l) of 2016, 137(l) of 2018, 56(l) of 2019.

³ Chapter 113, 19 of 1963, 21 of 1967, 27 of 1967, 9 of 1968, 76 of 1977, 17 of 1979, 105 of 1985, 198 of 1986, 19 of 1990, 46(l) of 1992, 96(l) of 1992, 41(l) of 1994, 15(l) of 1995, 21(l) of 1997, 82(l) of 1999, 149(l) of 1999, 2(l) of 2000, 135(l) of 2000, 151(l) of 2000, 76(l) of 2001, 70(l) of 2003, 167(l) of 2003, 92(l) of 2004, 24(l) of 2005, 129(l) of 2005, 130(l) of 2005, 98(l) of 2006, 124(l) of 2006, 70(l) of 2007, 71(l) of 2007, 131(l) of 2007, 186(l) of 2007, 87(l) of 2008, 41(l) of 2009, 49(l) of 2009, 99(l) of 2009, 42(l) of 2010, 60(l) of 2010, 8(l) of 2010, 53(l) of 2011, 117(l) of 2011, 145(l) of 2011, 157(l) of 2011, 198(l) of 2011, 64(l) of 2012, 98(l) of 2012, 190(l) of 2012, 203(l) of 2012, 6(l) of 2013, 90(l) of 2013, 74(l) of 2014, 75(l) of 2014, 18(l) of 2015, 62(l) of 2015, 63(l) of 2015, 89(l) of 2015, 120(l) of 2015, 40(l) of 2016, 90(l) of 2016, 97(l) of 2016, 17(l) of 2017, 51(l) of 2017, 37(l) of 2018, 83(l) of 2018, 149(l) of 2018, 163(l) of 2019, 38(l) of 2020, 43(l) of 2020.

⁴ 66(l) of 1997, 74(l) of 1999, 94(l) of 2000, 119(l) of 2003, 4(l) of 2004, 151(l) of 2004, 231(l) of 2004, 235(l) of 2004, 20(l) of 2005, 80(l) of 2008, 100(l) of 2009, 123(l) of 2009, 27(l) of 2011, 104(l) of 2011, 107(l) of 2012, 14(l) of 2013, 87(l) of 2013, 102(l) of 2013, 141(l) of 2013, 5(l) of 2015, 26(l) of 2015, 35(l) of 2015, 71(l) of 2015, 93(l) of 2015, 109(l) of 2015, 152(l) of 2015, 168(l) of 2015, 21(l) of 2016, 5(l) of 2017, 38(l) of 2017, 169(l) of 2017, 28(l) of 2018, 89(l) of 2018, 153(l) of 2018, 80(l) of 2019, 149(l) of 2019, 21(l) of 2020.

- (b) a credit institution within the meaning of Article 4(1)(1) of the Regulation (EU) No 575/2013, if it is an entity established in a Member State, or
- (c) an entity carrying on similar activities to the enterprise referred to in definition of "credit institution" within the meaning of Article 4(1); point 1) of Regulation (EU) No 575/2013 and is subject to the law of a third country which apply prudential supervisory and regulatory requirements at least equivalent to those applicable in the European Union, in the case of an entity established in a third country;

"Cyprus Investment Services Firm" or "CIF" has the meaning that attributed to this term by Article 2 of its Investment Services and Activities and Regulated Markets Law and means the CIF that has received approval from the Commission for the provision of AIF management functions under the provisions of paragraph (b) of subsection (5) of Article 5 of the Investment Services and Activities and Regulated Markets Law, except where it follows otherwise from the context;

"Depository" means a legal person performing at least one of the duties in article 24 of the Alternative Investment Fund Managers Law;

"Directive" means a regulatory content of a directive of the Commission which: published in the Official Gazette of the Republic;

"Directive 2009/65/EC means the European Union Act entitled "Directive 2009/65/EC European Parliament and Council on 13th July 2009 on the coordination of laws, regulations and administrative provisions relating to certain undertakings collective investment in transferable securities (UCITS), as last amended by Directive 2014/91/EU of the European Parliament and of the Council of 23th July 2014;⁵

"Directive 2011/61/EU" means the European Union Act entitled "Directive 2011/61/EU the European Parliament and of the Council of 8th June 2011 on managers of alternative investment firms and to amend the directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No. 1095/2010", as last amended by Directive 2014/65/EU of the European Parliament and the Council of 1th May 2014;⁶

"EU AIFM" shall have the meaning assigned to it by Article 2 of the Alternative Investment Fund Managers Law;

"Feeder AIF" means an AIF which

- (a) invests at least eighty-five percent (85%) of its assets in shares of main AIF, or

⁵ OJ: L 302, 17.11.2009, p.32, L 257, 28.08.2014, p.186.

⁶ OJ: L174, 01.07.2011, p.1, L 173, 12.06.2014 p. 349.

- (b) invests at least eighty-five percent (85%) of its assets in more than one principal AIF, provided that the principal AIFs have identical investment strategies, or
- (c) otherwise has a report of at least eighty-five percent (85%) of the assets in one or more principal AIF;

"Initial capital" means the minimum own funds

- (a) required under the provisions of this Law for the authorisation of the Mini-AIFM, and
- (b) consist of
 - (i) the issued and paid-up capital to which the difference from the issuance of share premium is added, excluding cumulative preferential shares, and
 - (ii) the reserves, excluding revaluation reserves as well as undistributed earnings from previous years transferred to profit and loss account through the disposal of the final result;

"Insurance undertaking" means

- (a) an insurance undertaking within the meaning of Article 2 of the Insurance and Reinsurance Services and Other Related Issues Law,⁷ or
- (b) an insurance undertaking of a Member State within the meaning of Article 2 of Insurance and Reinsurance Services and Other Related Issues Law, or
- (c) a third country insurance undertaking within the meaning of Article 2 of Insurance and Reinsurance Services and Other Related Issues Law Issues,

but does not include a mutual insurance undertaking within the meaning of Article 2 the law thereof;

"Investment company" has the meaning assigned to it by Article 2 of the Alternative Investment Funds Law;

"Investment Services Company" or "Investment Firm" has the meaning given to this term from Article 2 of the Investment Services and the Activities of Regulated Markets Law;

"Law" means this Law and the directives issued in accordance to this Law;

"Leverage" means a method by which an AIFM increases the risk exposure of an AIF

⁷

38(l) of 2016, 88(l) of 2017, 155(l) of 2018.

which it manages either through cash or securities borrowing or through integrated leverage in derivative positions or in any other way;

"Limited partnership" has the meaning given to it by Article 2 of the Alternative Investment Funds Law;

"Marketing" or "marketing of units" means the direct or indirect offering or placement, with the initiative of the Mini-AIFM or on behalf of the Mini-AIFM, units of AIF which the Mini-AIFM manages, to investors who

- (a) in the case of natural persons, established in a Member State or in a third country, or
- (b) in the case of legal persons, have their registered office in a Member State or in a third country;

"Master AIF" means an AIF in which another AIF invests or has an exposure, within the meaning of is attributed to the term "feeder AIF" by this Law;

"Member State" means any Member State of the European Union or any other Member State which is a Contracting Party to the Agreement on the European Economic Area, which signed in Oporto on 2nd May 1992 and adjusted by the Protocol which signed in Brussels on 17th March 1993, as the agreement was ratified by the on Participation Agreement of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, The Republic of Malta, the Republic of Hungary, the Republic of Poland, Republic of Slovenia and the Slovak Republic in the European Economic Area of 2004 and the Final Act (Ratification) of the Law, and as the Agreement further in each case amended or replaced;

"Mini-AIFM of a Member State" means an AIF manager licensed in another Member State for the management of AIF investments, the assets of which do not exceed limits provided for in Article 3(2) of Directive 2011/61/EU and is subject to prudential rules under the relevant legislation of its home Member State;

"Mini-AIFM of the Republic" means an AIF manager licensed under the provisions of this law for the management of AIF investments, the assets of which do not exceed the provisions of subsection (2) of Article 4 Alternative Investment Funds Manager Law;

"Mini AIFM" or "Mini-AIFM" means the persons referred to in subsection (1) of Article 3, except where it follows otherwise from the context;

"Mutual fund" has the meaning given to this term by Article 2 of the Alternative Investment Fund Managers Law;⁸

⁸

124(l) of 2018.

“Own funds” has the meaning given to it by Article 4(1), paragraph 118) of Regulation (EU) No 575/2013;

“Parent company” has the meaning ascribed to it by Article 2 of the Companies of Law or by a similar law of a Member State or a third country, as the case may be;

“Prime Broker” means any of the following

- (a) credit institution,
- (b) investment firm,
- (c) another entity which
 - (i) is subject to prudential regulation and continuous monitoring,
 - (ii) offer services to professional investors, primarily for the financing or trading in financial instruments as counterparty, and
 - (iii) may additionally provide other services, such as clearing and settlement trading services, custodial services, securities lending, special technology, as well as operational support tools and facilities;

“Professional investor” means an investor who is considered a professional investor or who may, upon request, be treated as a professional client within the meaning of the Second Annex of the Investment Services and the Activities of Regulated Markets Law;⁹

“Registered Alternative Investment Fund” or “RAIF” has the meaning assigned to the term by Article 2 of the Alternative Investment Funds Law;

“Regulation (EU) No 575/2013” means the act of the European Union with title “Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26th June 2013 on prudential requirements for credit institutions and investment firms and the amendment of Regulation (EU) No 648/2012”, as last amended by Regulation (EU) 2017/2188 of the European Parliament and Council of 11th August 2017;¹⁰

“Retail Investors” means an investor who does not meet the required conditions for inclusion in the concept of professional investor or adequately informed investor;

“Senior management” means the natural persons actually exercising the business activities of MiAIF;

⁹ 87 (l) of 2017.

¹⁰ OJ: L 176, 27.06.2013, p.1, L 310, 25.11.2017, p.1.

“Special participation” means the direct or indirect participation in a company which

- (a) represents at least ten percent (10%) of the capital or voting rights of the company, or
- (b) allows the exercise of significant influence in the management of the company in which such participation exists;

“Subsidiary” has the meaning assigned to it by Article 2 of the Companies Law or by a similar law of a Member State or a third country, as the case may be;

“Third country” means a country which is not a Member State;

“UCITS” has the meaning given to it by Article 2 of the Open-Ended Undertakings for Collective Investment Laws;

“UCITS management company” has the meaning given to the term “Management Company” from Article 2 of the Open-Ended Undertakings for Collective Investment Law¹¹ and includes management companies licensed in another Member State pursuant to its own legislation transposing Directive 2009/65;

“Unitholder” in relation to AIF means a holder of a unit or a fraction of a unit.

- (2) (a) Any reference to this Law and those issued under it regulatory administrative acts in a legislative act of the European Union, such as a Directive, Regulation or Decision, means the said act, as it is corrected from time to time, amended or replaced, unless a different meaning emerges from the text.
- (b) In this Law and in the regulatory administrative acts under it, any reference to a law or regulatory administrative act of the Republic, means that law or the regulatory administrative act, as amended, amended or replaced, unless a different meaning emerges from the text.

Scope of application.

- 3. (1) This Law applies to
 - (a) Mini-AIFM of the Republic;
 - (b) Mini-AIFM Member State; and
 - (c) CIF, which has received approval from the Commission for the provision of AIF management functions under the provisions of paragraph (b) of subsection (5) of article 5 of the Investment Services and the Activities of Regulated Markets Law.

¹¹ 78(l) of 2012, 88(l) of 2015, 52(l) of 2016, 134 (l) of 2019.

(2) Mini-AIFM of the Republic and CIF may be appointed as external managers for the following AIF:

- (a) AIF established and operating in the Republic;
- (b) AIF established and operating in a Member State other than the Republic or in third country, if permitted by the legislation governing the AIF;
- (c) AIF LNP;
- (d) RAIF which meets the conditions laid down in Article 135(2) of the Alternative Investment Funds Law.

(3) A Mini-AIFM of a Member State may be designated as their external administrator following AIF governed by the laws of the Republic;

- (a) AIF established and operating in the Republic;
- (b) AIF established and operating in the Republic;
- (c) RAIF which meets the conditions laid down in Article 135(2) of the Alternative Investment Funds Law.

(4) A Mini-AIFM of a Member State may hold the shares of the AIF it manages in the Republic in accordance with Article 20(4) and (5).

(5) The provisions of paragraph (2) of article 4 of the Alternative Investment Fund Managers Law apply to Mini-AIFMs of the Republic and to CIF.

Definition of Mini-AIFM.

4. (1) For each AIF referred to in Article 3(2) and (3) only one Mini-AIFM, who is responsible for compliance with the provisions of this Law and of the legislation governing the AIF.

(2) The Mini-AIFM is the legal entity appointed by or on behalf of the AIF as an external administrator and is responsible for the management functions of the AIF.

Provision functions management by Mini-AIFM.

5. (1) The Mini-AIFM may provide the following management functions:

- (a) AIF investment management, which includes the management function portfolio and risk management function;
- (b) the management of the AIF, which includes the following:
 - (i) Legal services and services accounting management AIF,
 - (ii) customer service,
 - (iii) AIF portfolio valuation services and determination of unit value;

- including any tax issues,
 - (iv) monitoring compliance with the applicable regulatory framework,
 - (v) monitoring compliance with the applicable regulatory framework,
 - (vi) distribution of AIF revenue,
 - (vii) issue and acquisition of AIF units,
 - (viii) fulfilment of contractual obligations, including shipment certificates,
 - (ix) record keeping,
- (c) the disposal of AIF;
- (d) activities related to the assets of the AIF, ie services necessary for the fulfilment of the fiduciary duty of the Mini-AIFM, facility management, real estate management activities, advising companies on capital structure, industry strategy and related issues, advice and related services with mergers and acquisitions and other services related to management of the AIF and the companies and other assets in which it has invest.

(2) The Mini-AIFM, as the external manager of AIF, is only allowed to develop provided for in subsection (1).

PART II

AUTHORISATION OF MINI-AIFM OF THE REPUBLIC

Application for authorization of Mini-AIFM in the Republic.

6. (1) The Mini-AIFM of the Republic is a limited liability company with shares, governed from the provisions of this Law, as well as the provisions of the Companies Law and has the registered office and its central administration in the Republic.

(2) The Mini-AIFM of the Republic is allowed to manage AIF only if it has received permission operation by the Commission, in accordance with the provisions of Article 7 and provided that it complies on an ongoing basis with the conditions provided by law licensing.

(3) The Mini-AIFM of the Republic, in order to obtain an operating license, submits to the Commission duly completed application, which is accompanied by following:

- (a) Sufficient information and data for the members of the Board of Directors and senior management, so that the Commission is in able to assess whether they have the necessary guarantees of morality and honesty and sufficient knowledge, skills and experience for the position;

- (b) information on the identity of the direct or indirect shareholders they hold special participation in the Mini-AIFM, regardless of whether it is natural or legal persons, as well as information on the amount of their participation;
- (c) business plan and internal operating regulations that define the organisational structure, including information on how to comply with the its obligations;
- (d) information on the arrangements and procedures for outsourcing; in accordance with the provisions of Articles 23 to 25;
- (e) information on investment strategies, risk profile, use leverage and other characteristics of the AIF it manages or intends to including information on Member States or third countries where AIF is established or is expected to be established;
- (f) information on the place of establishment of the main AIF, in case the AIF is a feeder AIF; and
- (g) information on the arrangements made for the appointment in cases where this is required by applicable law the AIF.

(4) The Commission, for the purposes of subsection (3), may request providing any additional or clarifying information or additional information, in addition to those provided for in subsection (3), if it deems it necessary or useful in order to take a decision on the granting or non-granting of an operating license of the Mini-AIFM Republic.

(5) The information provided for in subsections (3) and (4) shall be submitted in either one of official languages of the Republic or in case the language of submission is not Greek, are also submitted in English.

(6) The responsibility for the correctness, completeness and accuracy of the application for a license operation, as well as the accompanying data

- (a) in the event that the company is incorporated, the initial subscribers and constitutional documents of the applicant Mini-AIFM of the Republic, who sign the application; or
- (b) in the case of an existing company, the members of the applicant 's board of directors of a Mini-AIFM of the Republic, who sign the application.

(7) An application fee shall be paid for the examination of the application, as determined from Article 30.

(8) The application shall be deemed to have been duly completed only if all are included in it the data and information and the relevant fee required by the Commission under the provisions of this Law.

(9) The Commission may, by its directive, specify the information or specify the type, content of the application and information provided through it, as well as any other relevant matter relating to the conditions for examination and issuance of an operating license of the Mini-AIFM of the Republic of this Part.

7. (1) The Commission authorise a Mini-AIFM of the Republic, who submits an application under the provisions of this Law, only if he is satisfied that the following conditions are met:

- (a) Mini-AIFM is able to meet the obligations arising from present Law;
- (b) Mini-AIFM holds the required initial capital in accordance with the provisions of Article 8;
- (c) the members of the board of directors and the senior management of the Mini-AIFM have the necessary guarantees of morality and honesty and have sufficient knowledge, skills and experience in relation to the investment strategies of the AIF that he manages;
- (d) Mini-AIFM employs at least two (2) persons as senior management;
- (e) the shareholders who hold directly or indirectly a special participation in the Mini-AIFM are appropriate, taking into account the need to ensure proper and prudent management of the Mini-AIFM of the Republic; and
- (f) Mini-AIFM maintains its headquarters and administration in the Republic.

(2) The Commission shall inform in writing the applicant Mini-AIFM of the Republic on its decision whether or not to grant the requested operating license, within six (6) months from the date of submission of the duly completed application.

(3) The Commission may consult the competent authorities of a Member State other than the Republic or a third country for the purpose of granting an operating license, if the applicant is a Mini-AIFM of the Republic

- (a) a subsidiary of an AIFM or a UCITS or investment firm or credit management company an institution or insurance undertaking authorised in that State; or
- (b) a subsidiary of the parent AIFM or UCITS or investment firm or a credit institution or insurance company licensed in that State; or
- (c) a company controlled at the level of board of directors or senior management executives from the same board members or senior AIFM executives or a UCITS or investment company or a credit institution or insurance company licensed in that State.

(4) The Commission may consult the competent authorities of a Member State other than the Republic or a third country for the purpose of granting an operating license, if the applicant is a Mini-AIFM of the Republic

- (a) subsidiary of another AIF manager licensed in that State for management of AIF, the assets of whose portfolios are not exceed the limits provided for in Article 3(2) of the Directive 2011/61/EU; or
- (b) a subsidiary of the parent company of another licensed AIF operator in that State for the management of AIF, the assets of its portfolios which do not exceed the limits laid down in Article 3(2) thereof Directive 2011/61/EU; or
- (c) a company controlled, at the level of the board of directors or senior management executives, by the same board members or senior management of another an AIF administrator licensed in that State to manage AIF, assets whose portfolios do not exceed the limits set out in provided for in Article 3(2) of Directive 2011/61/EU.

(5) The Commission does not authorise a Mini-AIFM of the Republic in the event that the conditions laid down in subparagraph are not satisfied (1) and which hinders the effective exercise of its supervision;

- (a) by close links between a Mini-AIFM and other persons;
- (b) by the laws, regulations or administrative provisions of a third country which govern one or more persons with whom the Mini-AIFM of the Republic has close links;
- (c) difficulties that may arise in the implementation of the legislation, regulatory or administrative provisions referred to in this Article.

(6) The Commission may limit the scope of its grant in relation to the investment strategies of the AIF managed by its Mini-AIFM of the Republic.

8. (1) The Mini-AIFM of the Republic that submits an application for an operating license holds an initial capital of at least fifty thousand euros (€50,000).

(2) In the event that the value of the portfolios of the AIF managed by the Mini-AIFM of the Republic exceeds one hundred and twenty-five million euros (€125,000,000), the AIFM of the Republic provides an additional amount of own funds which corresponds to 0.02% of the amount whose portfolio value exceeds one hundred and twenty-five million euros (€125,000,000):

It is understood that the provisions of subsection (2) shall apply in the cases provided for in paragraph (b) of subsection (2) of Article 4 of the Alternative Investment Fund Managers Law, which the value of the portfolios of the AIF-managed exceeds one hundred

Initial capital
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million euros (€100,000,000) and its affiliation is not required by the Mini-AIFM of the Republic on the Alternative Investment Fund Managers.

(3) For the purposes of calculating the value of its managed Mini-AIFM of the Republic are calculated the portfolios of the AIF it manages, including and the AIF for which it has assigned management functions in accordance with its provisions Articles 23 and 24:

It is understood that, the portfolios of the AIF which are managed by the Mini-AIFM of the Republic upon assignment are excluded from the calculation of the value of the portfolios that managed by the Mini-AIFM of the Republic.

(4) Without prejudice to the provisions of subsections (1) and (2), the own funds of the Mini-AIFM of the Republic must not be less than the amount corresponding to one eighth (1/8) of fixed expenses incurred by Mini-AIFM during the previous financial year, in in case the Mini-AIFM of the Republic has not completed its first financial year, the own funds must not be less than the amount corresponding to one eighth (1/8) fixed expenses planned for its first financial year, in accordance with his business plan.

(5) The Mini-AIFM of the Republic may not provide up to fifty percent (50%) of the additional amount of own funds referred to in subsection (2), in the event that holds a guarantee or insurance coverage of the same amount from a credit institution or insurance company, as the case may be, with a registered office or registered office

- (a) in a Member State; or
- (b) in a third country, where they are subject to prudential rules considered by the Commission equivalent to the prudential rules that provided for in European Union law.

Board of directors and senior management of Mini-AIFM of the Republic.

9. (1) The board of directors of Mini-AIFM of the Republic consists of at least four (4) natural persons, of which at least two (2) perform executive duties.

- (2) (a) The management functions provided for in paragraph (a) of subsection (1) of Article 5 are exercised by at least two (2) natural persons, who are superior executives and have the necessary guarantees of morality and honesty, as well as Sufficient knowledge and experience to this end, and senior management may participate in the board of directors of Mini-AIFM as executive members.
- (b) Senior management involved in the execution of the management function risk management may not be supervised by those in charge of the operational units (operating units), which include the portfolio management function.

(3) In the event that an appointment is required under the legislation governing the AIF depositary, members of Board of Directors and senior management Mini-AIFM of the Republic may not be shared with the members of the board of directors and/or management and / or persons who actually carry on one of the business activities of the AIF depositary.

(4) The members of the Board of Directors and senior management shall inform the board of directors of the Mini-AIFM of the Republic for any of their capacity, which may give rise to a conflict of interest in the performance of their duties.

Essential changes elements Mini-AIFM of the Republic.

10. (1) The Mini-AIFM of the Republic notifies to the Commission each substantial change of item, which was a condition for the granting of the license operation by the Commission and in particular the information provided in accordance with the provisions of Article 6, at least one month before its application.

(2) For the examination of the notification, a notification fee is paid, as this is provided for in Article 30.

(3) (a) The Commission may within two (2) months of receipt duly reject the forthcoming change or impose a restriction in its implementation and may, in its sole discretion, extend the time limit for an additional month, if he deems it necessary and in this case inform in writing the Mini-AIFM of the Republic.

(b) In case the Commission does not object to the change within the prescribed period or extension period, the change shall be deemed to have been approved.

(4) The Commission may, by its directive, determine the substantial changes, the type, content of the notification and the information provided through it, as well as any other relevant issue regarding the conditions of its examination notification.

Suspension of authorisation of Mini-AIFM of the Republic.

11. (1) The Commission may suspend in whole or in part, in relation to all or a specific AIF, the authorisation of the Mini-AIFM of the Republic:

(a) simultaneously and immediately upon the commencement of the procedure for revoking the operating license as provided for in paragraph (3) of Article 12, in the event that, on at its absolute discretion, the continuation of the operation of Mini-AIFM until a decision is made on revocation or non-revocation of its authorisation may jeopardise the interests of AIF managed and/or their shareholders and/or the interests of its customers and/or the proper functioning of the capital market; or

(b) where there are suspicions:

(i) for possible violation of the provisions of this Law · and/or

(ii) that the continuation of the operation of the Mini-AIFM of the Republic may put in the interests of the AIF it manages and/or its shareholders and/or the interests of its clients and/or the proper functioning of the capital market:

It is understood that, in the case of paragraph (b), the decision to

suspend the license of the Mini-AIFM of the Republic may be taken by the Chairman and/or the Vice-Chairman of the Commission, who shall inform its board on its next session.

(2) In case of suspension of operating license under the provisions of paragraph (b) of subsection (1), the Commission may place in the Mini-AIFM of the Republic reasonable period, which may not exceed three (3) months from the date notification of the decision to suspend its operating license, in order to comply with the reasons for the suspension.

(3) The Mini-AIFM of the Republic shall inform, within the period provided for in paragraph (2), the Commission for its compliance.

(4) In case the Commission is satisfied that the reason for the suspension of the operating license, revokes the suspension and informs the relevant Mini-AIFM of the Republic.

(5) In the event that

(a) the Mini-AIFM of the Republic fails to inform the Commission of its compliance, or

(b) the Commission is not satisfied that the Mini-AIFM of the Republic complied with the grounds for suspension of its license,

the Commission automatically extends the suspension of its operating license Mini-AIFM of the Republic and initiates the process of its revocation, and in such a case, the operating license remains suspended until a decision is made to revoke it or not.

(6) (a) In case of total suspension of the operating license of Mini-AIFM of the Republic, Mini-AIFM is not allowed to provide the AIF management functions in relation to all sub AIF management.

(b) In case of partial suspension of the Mini-AIFM operating license of the Republic, Mini-AIFM is not allowed to provide some or all of the AIF management functions in relation to with the specific AIF to which the suspension relates.

(7) In the event that a Mini-AIFM of the Republic violates the provisions of subsection (6), the Commission may impose on it an administrative fine not exceeding the three hundred and fifty thousand euros (€350,000).

12. (1) In the event that the Mini-AIFM of the Republic decides to explicitly resign from its license, the license is terminated and ceases to have any validity.

(2) For the termination of the operating license of the Mini-AIFM of the Republic in accordance with provisions of subsection (1)

Notification for resignation and revocation of authorization of Mini-AIFM of the Republic.

- (a) the Mini-AIFM of the Republic shall notify the Commission in writing of its intention, stating the reasons for the waiver of the operating license as well as the proposed timetable for the implementation of the actions provided for in paragraph (c), and the timetable is reasonable, taking into account taking into account all the obligations that Mini-AIFM has to settle towards customers and/or shareholders of AIF;
- (b) the Mini-AIFM of the Republic shall notify the Commission in writing of its intention, stating the reasons for the waiver of the operating license as well as the proposed timetable for the implementation of the actions provided for in paragraph (c), and the timetable is reasonable, taking into account taking into account all the obligations that Mini-AIFM has to settle towards customers and/or shareholders of AIF;
- (c) the Mini-AIFM of the Republic, immediately after the notification of the Commission in accordance with paragraph (a) –
 - (i) posts an update on all its websites investing public for its intention to close down, as well as the procedure to be followed by its customers and/or shareholders of the AIF under the management, within the one ordered by the Mini-AIFM deadline, for the completion of their transactions, the return of their funds and financial instruments, as well as for the submission of any complaints,
 - (ii) settles all its obligations, including any debts to the Commission,
 - (iii) examines and resolves all complaints/grievances of customers and/or shareholders that have been submitted to him,
 - (iv) ensures that it does not provide management functions other than those that are strictly necessary for the completion of its pending transactions itself and its customers and/or shareholders under the management of the AIF, as their instructions.
- (d) the proposed timetable provided for in paragraph (a) is met approval of the Commission, which may require from Mini-AIFM of the Republic to take additional actions, in addition to those provided in paragraph (c);
- (e) the Mini-AIFM of the Republic, after taking all the actions referred to in paragraph (c) within the set timetable, inform the Commission;
- (f) the Mini-AIFM of the Republic shall provide, together with the information provided in paragraph (e), a certificate from the auditor that Mini-AIFM has taken all necessary measures and carried out all the actions provided for in paragraph (c) and, where shall apply, in paragraph (d) .
- (g) the Commission, if satisfied with the actions taken by Mini-AIFM, revokes

its operating license, and with the revocation of the operating license the former Mini-AIFM ensures, immediately and without delay, that they have been deleted from its websites and anywhere else all the references to providing management functions, as well as with its licensing and supervision by Commission.

(3) The Commission may revoke its Mini-AIFM operating license Republic in the event that

- (a) Mini-AIFM does not meet the conditions for the granting of an operating license;
- (b) Mini-AIFM has committed a serious and/or repeated breach of its provisions of this Law;
- (c) Mini-AIFM has been licensed on the basis of false or misleading information or with any other irregular manner;
- (d) Mini-AIFM submitted or disclosed or otherwise disclosed to any false or misleading information, facts or forms;
- (e) Mini-AIFM does not provide, directly or by assignment to it, any functions within twelve (12) months from the date of issue of the permit its operation.

(4) In case of revocation of the operating license of the Mini-AIFM of the Republic, the Commission deletes forever the Mini-AIFM from the Register provided in article 28.

(5) In case of revocation of the operating license of a Mini-AIFM of the Republic, Mini-AIFM immediately ceases to provide AIF management functions.

(6) Except in the cases referred to in paragraphs (a) and (d) subparagraph (2), Mini-AIFM of the Republic, whose authorisation has been revoked, shall settle the arising from the management functions of AIF within a period of three (3) months from the date of notification to it of the relevant decision of the Commission

PART III OPERATING CONDITIONS

Chapter 1: General Obligations

Chapter 1:
General
Obligations.

13. (1) The Mini-AIFM of the Republic complies throughout its operation with the conditions for granting an operating license and the provisions of the Law related to the provision by the AIF management functions.

(2) The Mini-AIFM of the Member State and the CIF shall comply throughout the their operation with the provisions of the Law related to their provision AIF management functions.

(3) The Mini-AIFM –

- (a) act honestly, lawfully and with due diligence, care and diligence in the exercise of his business activities;
- (b) comply with all regulatory requirements governing the exercise of in the best interest of the AIF which manages both their shareholders and market integrity.

(4) The preferential treatment of a shareholder by Mini-AIFM is prohibited, unless provided otherwise in the regulation or the articles of association or in the association agreement of the AIF.

(5) The Mini-AIFM of the Republic and the CIF provide the Commission with the information required by it to monitor their ongoing compliance with the provisions of the Law.

Obligation
To submit
information.

14. (1) A person who, including Mini-AIFM, has an obligation under provisions of this Law to submit or notify to the Commission any information, data, documents or forms, or at the request of the Commission or otherwise, ensures and ensures the correctness, completeness and accuracy of them.

(2) The provision of false or misleading information to the Commission, information, documents or forms or the concealment of essential information constitutes, in addition to infringement which is subject to administrative sanction as provided for in Article 31, criminal an offense punishable under the provisions of Article 32.

Safeguarding the
interests of AIF
and their
unit/shareholders.

15. (1) The AIFM shall act in the interests of the AIF it manages and the shareholders, taking into account the assurance of the proper functioning and market integrity.

(2) Mini-AIFM shall be liable to the shareholders of the AIF for any performance on behalf of it of negligence in the exercise of management functions.

(3) Mini-AIFM implements appropriate policies and procedures in order to ensure that the policies for the redemption or redemption of AIF shares, as well as any changes in policies are communicated to the shareholders in sufficient detail before they invest in the AIF.

(4) It is not allowed in a CIF that has been licensed to provide a management service provided for in Part I of the First Annex of the Investment Services and the Activities of Regulated Markets Law, to invest the whole or part of its client portfolio in AIF shares it manages, unless it receives to this with the prior written consent of the customer.

Remuneration.

16. (1) Mini-AIFM ensures that the payment or collection of any fee or supply, or the provision or securing of any non-monetary benefit does not lead to breach of his obligation to act in an honest and fair manner.

(2) The Commission may, by its directive, specify every detail or technical issue regarding the application of the provisions of this Article.

17. (1) Mini-AIFM shall take all reasonable steps to identify conflict situations interests arising from the management of AIF between

- (a) on the one hand the Mini-AIFM, including the members of the Board of Directors, the senior management, his staff or any person who is directly or indirectly affiliated with him and his close clients and on the other hand of the shareholders of one under the management of the AIF; or
- (b) on the one hand under the management of the AIF or its shareholders and on the other the management of the AIF or its shareholders; or
- (c) on the one hand under the management of the AIF or its shareholders and on the other client of the Mini-AIFM; or
- (d) between those under the management of the AIF.

(2) The Mini-AIFM

- (a) adopt, maintain and implement organisational and internal administrative arrangements with to take all reasonable steps to identify, prevent, and manage monitoring conflict of interest situations so as not to the interests of the AIF and its shareholders are adversely affected;
- (b) segregates, within its operational environment, duties and responsibilities which may be considered incompatible with each other or which could possibly be cause systemic conflicts of interest; and
- (c) assess the extent to which its operating conditions may entail any other material conflicts of interest which it discloses to the AIF shareholders.

(3) In case the organisational and internal administrative arrangements provided in paragraph (a) of subparagraph (2) are not sufficient to ensure with reasonable certainty the prevention of the risk of adversely affecting the interests of shareholders, Mini-AIFM clearly disclose the general nature or sources of the conflict of interest to shareholders, before undertaking activity on their behalf and adopting and implement appropriate conflict resolution policies and procedures interests.

- (4) (a) In the event that Mini-AIFM appoints a key broker for one of its managed AIF, Mini-AIFM and the main broker enter into a written contract which –
 - (i) determine the terms of cooperation between them;
 - (ii) provides for the possible transfer and reuse of assets components of the AIF, which are in line with the provisions of the Regulation or articles of association or in the AIF partnership agreement; and

- (iii) where the appointment of a depositary is required under the legislation governing the AIF; provides for the relevant information of the depositary.
 - (b) Mini-AIFM demonstrates due diligence, care and diligence in the selection and the appointment of the main brokers with whom he intends to enter into the intended in paragraph (a) contract.
- (5) The Commission may, by its directive, specify any detail or technical issue regarding the application of the provisions of this Article.

18. (1) Any reference to Mini-AIFM in this article does not include Mini-AIFM of a Member State.

- (2) (a) Mini-AIFM separates, functionally and hierarchically, the risk management function from its operational units (operating units), which include the portfolio management function.
- (b) The separation provided for in paragraph (a) shall be carried out in accordance with the principle of proportionality and meaning that during the separation control the Mini-AIFM is, in each in this case, able to demonstrate that it applies specific safeguards against conflicts of interest, which –
 - (i) enable the independent exercise of the risk management function, and
 - (ii) ensure that the risk management process meets the requirements provided for in this Article and is consistently effective.
- (3) (a) Mini-AIFM applies adequate risk management systems for the appropriate identification, measurement, management and monitoring of all risks, which are relevant to any AIF investment strategy and to which it is exposed or possible to each AIF is exposed.
- (b) Mini-AIFM reviews risk management systems with due frequency; and in any case at least once a year and whenever necessary the adapts.
- (4) The Mini-AIFM
 - (a) adopt and implement appropriate, documented and regularly updated information due diligence procedures when making investments, in accordance with investment strategy, objectives and risk profile of the AIF;
 - (b) ensure that the risks associated with any investment position of the AIF that and their overall impact on the AIF portfolio may are identified, measured, managed and properly monitored in on an ongoing basis, inter alia, through the use of appropriate measurement procedures risks in

extreme situations; and

- (c) ensure that the risk profile of the AIF corresponds to the size of the portfolio structure, AIF investment strategies and objectives, as set out in the Regulation or in the Articles of Association or in the Agreement cooperative, in its prospectus or in its information memorandum and in AIF share offer documents.

(5) The AIFM shall set for each AIF managing a maximum level of leverage, which may use on behalf of the AIF, as well as the extent of the right to reuse of a security or guarantee that may be provided under the arrangements leverage, taking into account, inter alia,

- (a) the type of AIF;
- (b) the AIF investment strategy;
- (c) the sources of leverage of the AIF;
- (d) any other liaison or relationship with other financial services institutions; which could cause systemic risk;
- (e) the need to limit the exposure to risk to each individual counterparty;
- (f) the extent to which the leverage is accompanied by fuses;
- (g) the ratio of assets to liabilities; and
- (h) the scale, nature and extent of the activity of Mini-AIFM itself on relevant markets.

(6) The Commission may, by its directive, specify any detail or technical issue regarding the application of the provisions of this Article.

Liquidity
Management.

19. (1) Mini-AIFM applies, for each AIF it manages, an appropriate system liquidity management and sets out procedures that allow it to monitor liquidity risk of the AIF and to ensure the compliance of the liquidity profile of the investments of the AIF with the underlying obligations of the AIF.

(2) Mini-AIFM ensures that, for each AIF it manages, the investment strategy, the liquidity profiles and acquisition policy are coherent.

(3) The Commission may, by its directive, specify any detail or technical issue regarding the application of the provisions of this Article.

Chapter 2: Marketing of Units

Rules
for the marketing
units of AIFs.

- 20.** (1) (a) Mini-AIFM may dispose of the shares of the AIF referred to in subsections (2) and (3) of Article 3, to professionals and/or adequately informed investors in the Republic.
- (b) In case of disposal of AIF shares provided for in paragraph (b) paragraph (2) of Article 3, Mini-AIFM and CIF shall confirm in writing the Commission that the distribution of shares of the AIF in the Republic is allowed under its legislation of the AIF country of origin.
- (c) Mini-AIFM of the Republic is allowed to dispose of the shares of AIF managed in Retail investors in the Republic, provided that the AIF has been licensed under the provisions of article 13 of the Alternative Investment Funds Law.
- (2) Mini-AIFM of the Republic is allowed to hold the shares of AIF managed in professional investors and/or adequately informed investors from another Member State by the Republic, following prior notification of its intention to the Commission, by submitting to it the following:
- (a) Evidence that the distribution of AIF shares by the Is permitted by the law of that Member State; and
- (b) information on arrangements for the disposal of AIF shares in that State Member State, including the manner in which Mini-AIFM complies with the provisions the law of the Member State.
- (3) Mini-AIFM of the Republic is allowed to dispose of the shares of AIF managed in professional investors and/or adequately informed third country investors, thereafter prior notification of its intention to the Commission, with submit to it the following:
- (a) Evidence that the distribution of AIF shares by the Republic is permitted by the legislation of the third country; and
- (b) information on arrangements for the allocation of AIF shares to that third party country, including the manner in which Mini-AIFM complies with its provisions legislation of the third country.
- (4) A Mini-AIFM of Member State is authorised to dispose of the shares of the AIF it manages, established and operating in a Member State other than the Republic or in a third country, to professionals and/or sufficiently informed investors in the Republic, after receiving the approval of the Commission, after the submission of the relevant application.

(5) A Mini-AIFM of a Member State may be authorised to dispose of the shares of the AIF it manages to the retail investors in the Republic, provided that the AIF has been licensed under provisions of article 13 of the Alternative Investment Funds Law.

- (6) The Commission may, by its directive, determine
- (a) more specific rules to be followed by the Mini-AIFM when allocating shares of AIF managed;
 - (b) the type and content of the notification provided for in subsections (2) and (3) and specify the information and data accompanying it; and
 - (c) the specific rules to be complied with by the Mini-AIFM of a Member State disposal of shares provided for in subsection (5), including the type and the content of the application and the information provided through it, procedure for obtaining the required approval from the Commission, as well as and the cases of revocation or suspension of an authorisation granted.

Chapter 3: Organisational Requirements

Internal procedures and organisational requirements.

21. (1) The Mini-AIFM of the Republic and the CIF, taking into account the nature of the AIF procedures and managed have

- (a) appropriate administrative and accounting procedures, as well as control arrangements; and security for the processing of electronic data;
- (b) appropriate internal control mechanisms, including rules for personal transactions of their employees or for the possession or management of investments for the purpose of investing on their own account and ensuring at least that
 - (i) for each transaction in which managed AIFs participate, it is possible to verification of its origin, of the trading parties, of the nature as well as the place and time of its realisation, and
 - (ii) the assets of the AIF they manage are invested in accordance with the regulation or the articles of association or the cooperative agreement of the AIF, as well as the relevant legislation governing the AIF;
- (c) appropriate structure and organisation to reduce the risk of damage interests of AIF and/or their shareholders from conflicts of interest;
- (d) appropriate procedures to ensure that the pain of its shareholders under the management of the AIF; and
- (e) an appropriate risk management system and an appropriate liquidity

management system;

(2) In addition to the provisions of subsection (1), the Mini-AIFM of the Republic, taking into account the nature of the AIF managed

- (a) establish and maintain an internal control function that is independent of the others its functions and activities, depending on the range, nature, scale and complexity of the activity of Mini-AIFM, and the function of internal control may be exercised by a person exercising other functions of the Mini-AIFM, as long as its independence is not affected and in case the operation internal control is entrusted to a third party, the conditions are met provided for in Articles 23 to 25, and
- (b) establish and maintain internally the regulatory compliance function with legislation that is independent of its other functions and activities, depending on the range, nature, scale and complexity of the activity of Mini-AIFM, and the regulatory compliance function can be exercised by a person exercising other functions of the Mini-AIFM, provided that the its independence.

(3) In addition to the provisions of subsection (1), the CIF, taking into account the nature of the AIF that manages, establishes and maintains internal control functions; and compliance with legislation, which, if justified by the range, nature, scale and complexity of its activity, are independent of the others functions and activities not related to those functions.

(4) The Commission may, by its directive, regulate details of application of the provisions of this Article.

Valuation
AIF Assets.

22. (1) The Mini-AIFM ensures that appropriate and consistent procedures are in place, in order to be able to properly and independently assess the assets of the AIF it manages.

(2) The applicable rules for the valuation of assets and its calculation net asset value per share of AIF are determined:

- (a) the relevant legislation of the State governing the AIF, in the case of an AIF with form of investment company or limited partnership, if it does not come in conflict with the provisions of this Law and the statutory documents or AIF cooperation agreement; or
- (b) in its regulation, in the case of AIF in the form of a mutual fund.

(3) Mini-AIFM ensures that the net asset value per share of the AIF shall be calculated and communicated to its shareholders in accordance with the provisions hereof Article, the legislation of the State where the AIF is established and the provisions of Regulation or the Articles of Association or the Cooperative Agreement of the AIF, and applied asset valuation procedures ensure that its assets AIF assets are valued and the net asset value per share is calculated, at least once a year.

- (4) In addition to the provisions of subsection (3), valuations and calculations are carried out
- (a) the dates on which disposal, redemption and / or redemption takes place shares of the AIF; and
 - (b) the dates referred to in the AIF annual and semi-annual report; respectively, as reference dates for the items listed.
- (5) Mini-AIFM ensures that the valuation operation takes place
- (a) by an external appraiser, who is a legal or natural person independent of Mini-AIFM or any person having close links with Mini-AIFM; or
 - (b) by Mini-AIFM itself, provided that the valuation operation is operational independent of the portfolio management function and provided that the remuneration policy and other measures adopted and implemented by Mini-AIFM, ensure that conflicts of interest are mitigated and prevented exercising undue influence over its employees.
- (6) In the event that the appointment of a depositary is required under the legislation which governs the AIF, the AIF custodian may not be appointed as its external assessor AIF, unless
- (a) has separated the performance of the custodian functions from his duties as external appraiser; and
 - (b) has properly identified, managed, monitored and communicated to shareholders of the AIF in the event of a conflict of interest.
- (7) In case the valuation operation is performed by an external appraiser, Mini-AIFM ensures that:
- (a) the external appraiser is subject to either a mandatory professional registration; recognised by law or rules of professional conduct; and
 - (b) the external appraiser is able to offer adequate professional guarantees that it can effectively carry out this valuation function, in accordance with the provisions of subsections (1) to (4).
- (8) The appointed external appraiser does not outsource the valuation function.
- (9) Valuation is carried out with impartiality and the required skill, care and diligence.
- (10) (a) Mini-AIFM shall be liable to the AIF and its shareholders for the correct valuation of the assets of the AIF, for the calculation of its net worth assets

of the AIF and for the disclosure of the net asset value to the shareholders of the AIF, regardless of whether or not Mini-AIFM has appointed an external appraiser.

- (b) Notwithstanding the provisions of paragraph (a) and any contractual otherwise provided, the external assessor shall be liable to him Mini-AIFM for any damage caused to the latter as a result of his negligence external appraiser when valuing assets or intentional non-performance the duties of the external appraiser.

Chapter 4: Delegation of functions

Conditions
assignment
functions.

23. (1) Any reference to Mini-AIFM in this article does not include Mini-AIFM Member State.

(2) The MEDCC may delegate to a third party tasks for the performance of one or more management functions on its behalf, only if the following are met conditions:

- (a) Mini-AIFM shall inform the Commission in writing of the assignment, before it shall enter into force;
- (b) the award does not preclude effective oversight of the WFD and, in particular, makes it difficult for AIF to be managed in such a way that they are best served the interests of the shareholders in the AIF; and
- (c) Mini-AIFM does not delegate its functions to such an extent that it ceases to be considered as AIF manager or become without a substantial activity.

(3) In case the assignment concerns the portfolio management function or the risk management function, Mini-AIFM may delegate to third parties functions on its behalf, only when, in addition to the provisions of subsection (2)

- (a) the assignment is made to an undertaking which has either been licensed or recognised for management of funds under Article 78 of Regulation (EU) 231/2013, or has previously approved for management by the Commission Capital Market; or
- (b) where the third party is an undertaking originating in a third country, cooperation between the competent supervisory authority of the undertaking and Commission.

(4) The delegation provided for in subsection (3) shall not take place:

- (a) to the depositary of the AIF or to a third party to whom the depositary has entrusted its functions, if the appointment of a depositary is required by law governing the AIF; or
- (b) to any other person or entity whose interests may be conflicts with the

interests of the AIFM or the shareholders of the AIF, unless the portfolio management or risk management from its other tasks. This person has functionally and hierarchically separated the execution of tasks may cause a conflict of interest and, if identified, properly manage, monitor and notify AIF investors any conflicts of interest.

(5) Notwithstanding the provisions of subsections (2) to (4), in the case of functions relating to AIF assets which do not constitute financial instruments, Mini-AIFM is authorised to delegate tasks for the execution of these functions to any person who can provide the assigned functions to the framework of his professional or business activities, provided that for the exercise of such the person is subject to a compulsory professional registration, recognised by law or by a competent administrative authority or by professional rules and if it is able to provide adequate financial and professional guarantees in order to be able to perform them effectively assigned functions and to comply with the obligations created by them functions:

It is understood that the responsibility of Mini-AIFM remains intact in the case of assignment functions to a third party under the provisions of Article 24.

(6) The Commission may, by its directive, regulate details of application of the provisions of this Article.

Further delegation of functions by a third party.

24. (1) Any reference to Mini-AIFM in this article does not include Mini-AIFM of a Member State.

(2) Third party, entrusted with functions in accordance with the provisions of Article 23, may further delegate the functions assigned to it to another person, provided that the following conditions are met:

- (a) the Mini-AIFM expressly consents in advance to the further assignment;
- (b) Mini-AIFM informs the Commission of the further assignment before it enters into force; and
- (c) the conditions laid down in relation to the further assignment are met in paragraphs (2) and (4) of Article 23, subject to the proportions.

(3) A person to whom functions are assigned by a third party in accordance with its provisions subparagraph (2), may further delegate the functions which it has undertaken to perform, only if the conditions laid down in subsection (2) are met, subject to the proportions.

Liability of Mini-AIFM in case of delegation of functions.

25. (1) Any reference to Mini-AIFM in this Article does not include Mini-AIFM of a Member State.

(2) The liability of Mini-AIFM to the AIF and their shareholders remains intact and is not affected by the assignment of functions by Mini-AIFM to a third party, nor by any their further assignment from a third party to another person.

Chapter 5: Other conditions

Organisational structure and own funds CIF.

26. (1) The CIF shall ensure that senior management and members of the involved in the performance of the AIF management functions are fulfilled following terms:

- (a) Possess sufficient knowledge, skills and experience to be able to understand the manager's activities and, in particular, the risks involved with those activities and the assets in which the AIF invests;
- (b) spend sufficient time for the proper performance of their duties in CIF, acting as external administrator; and
- (c) act with honesty, integrity and independent will.

(2) The own funds of the CIF is formed, taking into account its amount portfolio of AIF under management.

(3) The Commission may, by its directive, regulate details of apply the provisions of this Article and determine the organisational requirements and the method of calculating the own funds of the CIF.

PART IV MAINTENANCE AND PUBLICATION OF REGISTER

Maintenance and publication of Register.

27. (1) The Commission recommends and maintains, freely accessible by public, Register in which they are:

- (a) the Mini-AIFM of the Republic, bearing the indication "MM" before the license number assigned to them; and
- (b) the CIFs that have received approval from the Commission for the exercise AIF management function under the provisions of paragraph (b) of subsection (5) of article 5 of the Investment Services and the Activities of Regulated Markets Law, bearing the license number issued to them by the Commission under its Investment Services and the Activities of Regulated Markets Law.

(2) When entered in the Register of the persons referred to in subsection (1), the The Commission registers their name, their license number granted in accordance with the provisions of subsection (1) and any other information provided by the Commission deems it necessary.

(3) The Commission shall ensure that the Register is kept up to date.

(4) The Commission publishes the Register, by publishing it on its website place and/or in any other way he wished to decide.

PART V
SUPERVISION AND PENALTIES

Competent supervisory authority and powers.

28. (1) The Commission is designated as the competent authority to ensure the supervision and implementation of the provisions of this Law, as well as for enforcement administrative penalties and/or other measures in cases of violation of its provisions of this Law.

(2) The shall exercise its powers:

- (a) directly; and/or
- (b) in cooperation with other authorities or persons; and/or
- (c) under its responsibility, by delegating responsibilities to other authorities or any other persons; and/or
- (d) at its request to the competent judicial authorities, if applicable provides for this.

(3) The Commission addresses administrative violations either ex officio or following a complaint lodged with it.

(4) The provisions of the Cyprus Securities and Exchange Commission Law governing supervisory authority of the Commission, its power to collect information, carry out investigations and inspections, impose sanctions, cooperate with competent authorities in the Republic and abroad, as well as all responsibilities, powers, responsibilities and duties pursuant to that law shall apply for the purposes of its implementation and supervision of this Law, subject to the proportions.

(5) In addition to the provisions of subsection (2), the Commission has the following powers:

- (a) has access to any document or other item in any form and receives the document or a copy thereof;
- (b) requires or requests the provision of information from any person and if required; calls a person and asks him / her questions in order to receive information;
- (c) request any existing recording of telephone conversations or data exchanges;
- (d) requires the immediate cessation of any practice contrary to the provisions of the Law;
- (e) request, upon request to the competent court, the seizure and/or seizure assets;

- (f) if it finds that a person is acting in breach of its provisions of this Law, imposes on it a temporary prohibition of practicing professional activity, which is monitored by the Commission under the provisions of this Law, for a period not exceeding five (5) days, with possibility of extending the ban for one or more times lasting up to five (5) days for termination of the violation, and the person subject to prohibition shall, at the time the prohibition enters into force, all appropriate actions to remove the reasons for which it was imposed and the Commission, in case it is satisfied that the reasons for which the ban was imposed before the expiry of the ban period, may allow professional activity before specified expiry time of the prohibition period;
- (g) take all measures to ensure the compliance of the supervised persons with the provisions of this Law; and
- (h) request the suspension of the issue, offering, redemption or redemption of AIF shares when serves the interests of the AIF shareholders or the investing public.

(6) The Commission when examining any of its applications, notifications or notifications, may require the presentation orally or in writing any data and information.

(7) Notwithstanding the provisions of any other law, person to whom a request is made to the Commission for the collection of information control or investigation, has an obligation to comply promptly and timely, complete and accurate providing the requested information.

(8) Notwithstanding the provisions of any other law, in case of refusal access information, files, books, accounts, documents or data stored computers during a Commission investigation or audit, the Commission may immediately seize the relevant information, files, books, accounts and other documents and data, as well as electronic means of storage and data transfer:

It is understood that the Commission returns the confiscated items to their holder only the purpose for which the seizure was made and, in any case, within forty five (45) days from the date of seizure.

Reporting
infringements.

29. (1) The Commission shall establish effective mechanisms and regulations which make it possible to report possible or actual infringements of provisions of the Law.

- (2) The mechanisms provided for in subsection (1) shall include at least
 - (a) specific procedures for receiving any reports of contingency or fact infringements and their monitoring, including the recommendation secure communication channels on reports;
 - (b) adequate protection for board members, senior management; officials or

other persons reporting infringements committed within of the Mini-AIFM, at least against retaliation, discrimination or other forms of inequality treatment;

- (c) arrangements for the protection of the identity of the person reporting them infringements and the natural person allegedly responsible for the infringement, at all stages of the proceedings, unless such publication is expressly required by the regulations adopted by the Commission.

(3) The Mini-AIFM of the Republic and the CIF have appropriate procedures in order their employees may report possible or actual breaches, through a special independent and autonomous channel.

Fees annual contributions.

30. (1) The Commission may, by its directive, determine the fees, the rights and the annual contributions paid by the supervised persons, to specify the applications and/or notifications for which fees and charges are due under provisions of this Law and, in general, to determine any related to the provided fees, rights and annual contributions subject.

(2) Fees, royalties and annual contributions paid under the provisions of this article are considered as income of the Commission and in case failure to pay them shall be taken, in addition to any other measures taken are defined in this Law, judicial measures to be collected and the amount due collected as civil debt.

Administrative measures.

31. (1) In case a person violates the provisions of this Law and irrespective of any criminal liability, the Commission may, the absolute judgment of the gravity of the infringement, to impose an administrative fine or other administrative measures or sanctions, including:

- (a) a public statement naming the person responsible and specifying its nature infringement;
- (b) an order to the person responsible for terminating the infringement and avoiding it its recurrence in the future;
- (c) suspension of the operating license of Mini-AIFM;
- (d) revoking, in accordance with the provisions of paragraph (3) of Article 12, the Mini-AIFM;
- (e) enforcement to a member of the board of directors of Mini-AIFM or to any other responsible person natural person temporarily banned or in the event of repeated serious infringements, a definitive ban on the exercise of management duties in Mini-AIFM or to other companies operating investment management functions;
- (f) an administrative fine not exceeding three hundred and fifty thousand euros (€350,000) and in case of repetition of the violation the seven hundred thousand euros (€700,000), depending on the gravity of the

violation.

(2) In the event that it is proved that the person referred to in subsection (1) has benefit from the infringement or allowed another person to benefit because of this and the benefit exceeds the amount of the administrative fine set out in paragraph (1), the Commission may, irrespective of any criminal liability of the impose an administrative fine of up to twice the benefit of the person proven to have obtained or allowed another person to obtain with committing the infringement.

(3) Without prejudice to the provisions of subparagraphs (1) and (2), where the Commission may find a violation of the provisions of this Law may impose administrative fine in:

- (a) legal person; and/or
- (b) a managing director, senior manager or other official or staff member legal person, in case it is found that the violation of the legal due to his own fault, intentional omission or negligence.

(4) The Commission, before imposing an administrative fine or administrative measure pursuant to the provisions of this Article, shall notify the affected person of the its intention, informing it of the reasons for which it intends to act thus granting it the right to be heard, as provided in article 38 of the Law on the Commission.

(5) The Commission may publicly announce any measures or sanctions are imposed in case of violation of the provisions of this Law.

(6) Administrative fine imposed by the Commission under provisions of this Law constitutes income of the Fixed Fund.

(7) In case of failure to pay an administrative fine imposed by the Commission, judicial measures are taken for its collection, according to provided for in the Cyprus Securities and Exchange Commission Law.

Criminal offenses.

32. (1) A person who violates the provisions of Article 14 is guilty of an offense and in case of conviction, is subject to imprisonment not exceeding five (5) years or in a fine not exceeding three hundred and fifty thousand euros (€350,000) or in these two sentences.

(2) A person who provides management functions without holding the required license or approval is guilty of an offense and in case of conviction is subject to imprisonment not exceeding five (5) years or a fine not exceeding three hundred fifty thousand euros (€350,000) in both of these fines.

(3) In case the offense provided for in this article is committed by a legal entity person, is liable to criminal liability, in addition to the legal person, and any of the members of the board of directors, senior management or official or employee or associate of the legal entity, who is proven to have consented or participated in the performance of the offense.

(4) A person who, as provided for in subsection (3), is criminally liable for offenses committed by a legal entity, is jointly and severally liable with the legal entity person for any damage caused to a third party due to the act or omission which substantiates the offense.

PART VI FINAL AND TRANSITIONAL PROVISIONS

Issuance and application.

33. (1) Without affecting the other provisions of this Law that provide for When issuing instructions, the Commission may issue instructions for the most complete application of the provisions of this Law.

(2) The application of the instructions issued under the provisions of this Law is mandatory for the persons to whom they are addressed.

Transitional provisions.

34. (1) CIF which, before the entry into force of this Law, received approval by the Commission under the provisions of the Investment Services and the Activities of Regulated Markets Law of 2007 to 2016 or the Investment Services and the Activities of Regulated Markets Law of 2017 to 2020¹² for provision of management functions to AIF, is considered as Mini-AIFM provided in paragraph (c) of subparagraph (1) of Article 3 and may continue to provide that within a period of nine (9) months from the date of entry into force of the Law complies with its provisions.

(2) CIF provided for in subsection (1) shall inform, before the end of the nine (9) months, the Commission for the compliance measures taken or intends to receive and submit a written certificate from the members of its board of directors for its compliance with the provisions of the Law that concern it.

(3) In case of non-compliance with the above within the set deadline, CIF cannot provide management functions based on the provisions of the Law.

¹²

144(l) of 2007, 106(l) of 2009, 141(l) of 2012, 154(l) of 2012, 193(l) of 2014, 8(l) of 2016, 87(l) of 2017, 44 (l) of 2020.