

COMMERCIAL • PRIVATE CLIENT • PENSIONS & BENEFITS

Supporting structures

Cyprus - Investment Services Law

Carey Group is renowned for its long standing experience and expertise in the implementation and maintenance of corporate and trust services. Our client's tax advisers spend considerable effort in devising complex international tax structures. We specialise in ensuring that any such planning is implemented effectively and efficiently and regularly tested over time.

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Cyprus Securities and Exchange Commission (“CySEC”)



The Investment Services Law 144 (I)/2007 (‘the Law’) provides the legal framework for the provision of investment and ancillary services as well as for the registration, licensing, operation and supervision of a **Cyprus Investment Firm (“CIF”)**.

According to the Law, all enterprises involved with the provision and performance of investment services, activities and the operation of regulated markets must be licensed by the **Cyprus Securities and Exchange Commission (“CySEC”)**.

The type of license to be applied for depends on: the type of instruments the firm expects to trade in, and whether it will engage in trading of own shares or on behalf of managed funds.

Firms seeking to conduct a regulated investment service should submit an **application** to CySEC in prescribed form in order to be authorized as a CIF. In an application to CySEC, the applicant is given the option to apply for a license in respect of any of the following eight different types of Investment Services:

1. Reception and transmission of orders in relation to one or more financial instruments;
2. Execution of orders on behalf of clients;
3. Dealing on own account;
4. Portfolio management;
5. Investment advice;

6. Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis;
7. Placing of financial instruments without a firm commitment basis; and
8. Operation of a multilateral trading facility

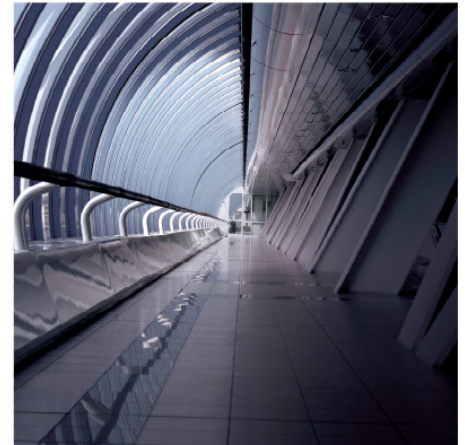
Furthermore, the CySEC application provides for the nomination of different trading instruments (under each type of investment service mentioned above), such as transferable securities, money market instruments, units in collective investment undertakings, options, futures, swaps, forward rate agreements and any other derivative contracts etc.

A CIF that provides one or more of the following investment services and holds clients’ money and/or clients’ financial instruments must have an initial capital of at least €200.000 (two hundred thousand euro):

1. Reception and transmission of orders in relation to one or more financial instruments;
2. Execution of orders on behalf of clients;
3. Portfolio management; and
4. Provision of investment advice.

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A CIF that provides the investment services stated in (1) and/or (4) above and does not hold clients' money and/or clients' financial instruments, and which for that reason may not at any time place themselves in debt with their clients, must have an initial capital of:

- At least €80.000 (eighty thousand euro); or
- At least €40.000 (forty thousand euro) together with professional indemnity insurance covering all Member States or some other comparable guarantee against liability arising from professional negligence representing at least €1.000.000 (one million euro) per claim and at least €1.500.000 (one million five hundred thousand euro) in aggregate.

A CIF that provides one or more of the following investment services and/or performs the following investment activities must have an initial capital of at least €1.000.000 (one million euro):

- Dealing on own account;
- Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis;
- Placing of financial instruments without a firm commitment basis; and
- Operation of a multilateral trading facility.

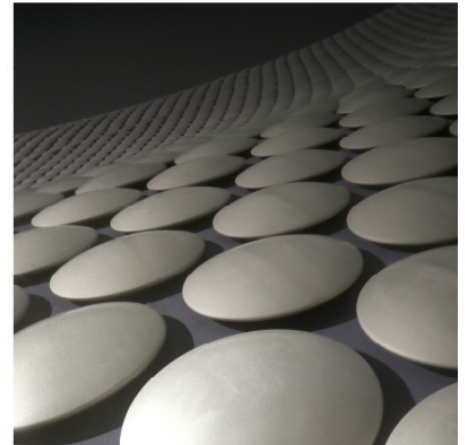
Any other services (i.e. non-core services) described below can be undertaken by a company without having to apply for a licence from the CySEC:

- Safekeeping and administration of financial Instruments for the account of clients including custodianship and related services such as cash/collateral management;
- Granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction;
- Advice to undertakings on capital structure, Industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings;
- Foreign exchange services where these are connected to the provision of investment services;

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- Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments;
- Services relating to underwriting; and Investment services and activities as well as ancillary services related to the underlying of the derivatives stipulated in certain sections of the Law.



Firms seeking to conduct regulated investment services must meet the requirements, conditions and criteria set by CySEC.

CySEC is obliged to decide on the outcome of the application within six months from the date of its submission.

For further information about how Carey Group Cyprus can help, please visit our website www.careygroup.com.cy or contact our Cyprus office direct. Please find our Cyprus office details on the following Group Contact page.

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GROUP CONTACTS

Guernsey

Carey Group
PO Box 285
1st and 2nd Floors
Elizabeth House
Les Ruettes Brayes
St Peter Port
Guernsey
GY1 4LX

T: +44 (0)1481 700300
F: +44 (0)1481 711220
E: info@careygroup.gg

Alderney

Carey Administration
Limited
Millennium House
Ollivier Street
St Anne
Alderney
GY9 3TD

T: +44 (0)1481 824727
F: +44 (0)1481 823963
E: info@careygroup.gg

UK

Carey Pensions UK LLP
43 Shenley Pavilions
Chalkdell Drive
Shenley Wood
Milton Keynes
MK5 6L
United Kingdom

T: +44 (0)1908 336010
enquiries@careypension.co.uk

Luxembourg

Carey S.A.
19, rue Eugène Ruppert
L-2453 Luxembourg
Luxembourg

T: + 352 266 448 1
F: + 352 266 448 48
E: info@careygroup.gg

Zurich

Carey AG
PO Box
Alderstrasse 49
CH 8034 Zurich
Switzerland

T: +41 (0) 43 499 1144
F: +41 (0) 43 499 1155
E: info@careygroup.gg

Geneva

Carey Nova S.A.
Rue Pierre Fatio 15
PO Box 3475
CH-1211 Geneva 3
Switzerland

T: +41 22 718 75 80
F: +41 22 718 75 89
E: info@careygroup.gg

Monaco

Carey S.A.M.
24 Boulevard Princesse
Charlotte
MC 98000
Monaco

T: +377 (0) 97 77 28 60
F: +377 (0) 97 77 34 53
E: info@careygroup.gg

Cyprus

Carey Group
(Cyprus) Limited
Themistokli Dervi 48
Centennial Building
Office 703
CY-1066 Nicosia
Cyprus

T: + 357 22 45 25 25
F: + 357 22 37 49 25
E: info@careygroup.gg

For initial group enquiries please contact Patrick Bos on +41 79 359 13 53 or our general number +44 (0) 1481 700300.

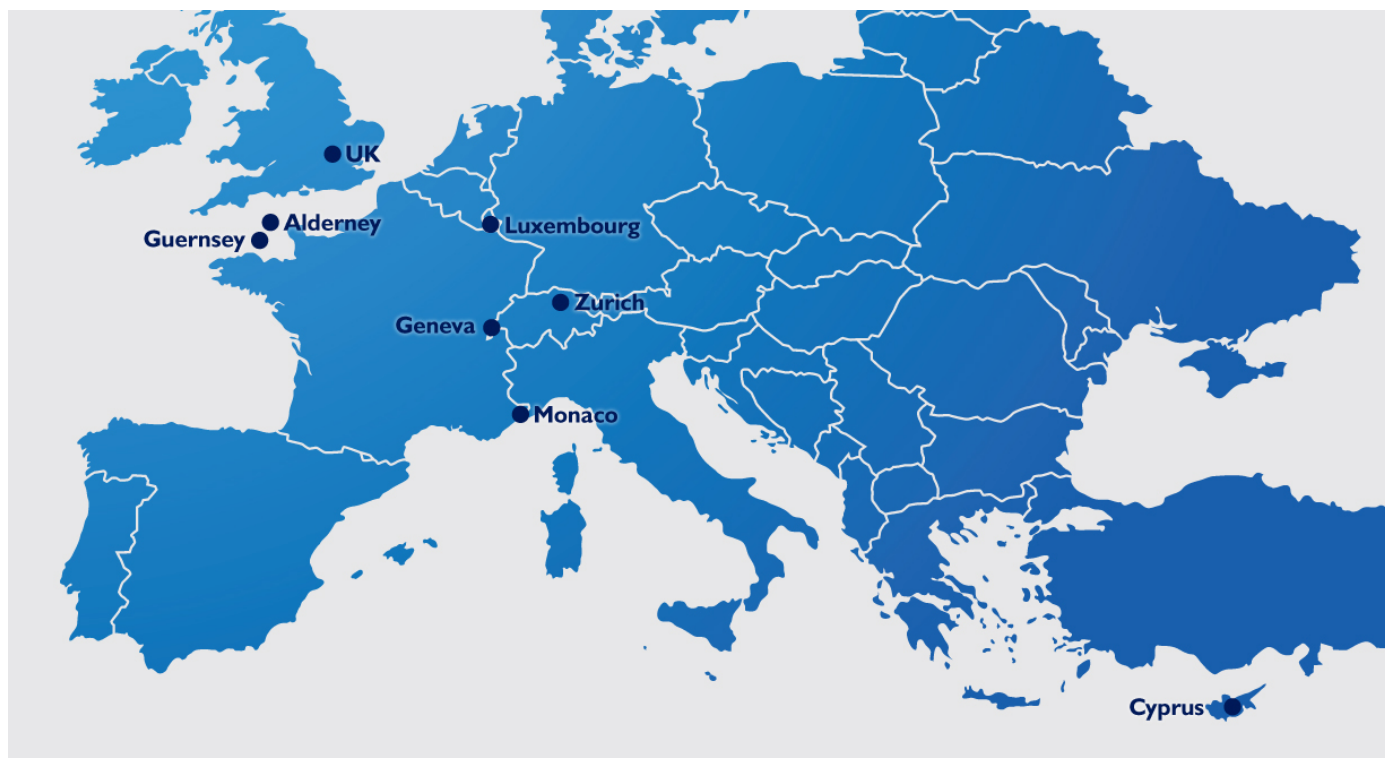
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- UK
- Zurich



Carey Group (Cyprus) Limited:

Themistokli Dervi 48 Centennial Building Office 703 CY-1066 Nicosia Cyprus

T: +357 22 45 25 25 F: +357 22 37 49 25 E: info@careygroup.gg W: www.careygroup.gg

Mailing address: PO Box 22202 CY-1518 Nicosia Cyprus

Registered number: HE222385.

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To find out about our other service offerings please visit our website www.careygroup.gg or for initial group enquiries please contact Patrick Bos on +41 79 359 13 53 (or our general number +44 (0) 1481 700300).

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