

BKMS GROUP

Undertaking for
Collective
Investment in
Transferable
Securities





Cyprus legal framework for UCITS

The principal laws regulating the Open-ended Undertakings for Collective Investment in Transferable Securities (UCITS) in Cyprus is:

- the Investment Services and Activities and Regulated Markets Law, Law 144(I) of 2007, (IS Law), which transposes the provisions of the EU Markets in Financial Instruments Directive (MiFID).
- the Open-Ended Undertakings for Collective Investment Law, Law 78(I) of 2012 (UCITS Law) which transposes the provisions of the EU Undertakings for the Collective Investment in Transferable Securities Directive (UCITS IV).
- the Companies Law as amended (the Companies Law).

The Cyprus Securities and Exchange Commission (CySEC) is the national authority primarily responsible for regulating funds, their managers and those marketing funds.



UCITS – Definition

An undertaking for collective investment in transferable securities (UCITS) shall be the undertaking:

1. the sole object of which is the collective investment in transferable securities and/or other liquid financial instruments, of capital raised from the public.
2. which operates on the principle of risk spreading.
3. the units of which are, at the request of investors, redeemed or repurchased, directly or indirectly, out of this undertaking's assets.



UCITS – Definition

The following shall not be regarded as UCITS :

1. Closed-ended undertakings for collective investment.
2. Undertakings for collective investment which raise capitals without promoting the sale of their units to the public within the EU or any part of it.
3. Undertakings for collective investment the units of which, under their Regulation or their instruments of incorporation may be sold only to the public in third countries.
4. Undertakings for collective investment whose investment and borrowing policies, as regards the legislation of their home member state, does not comply with the conditions set in this law.



UCITS – Legal form

✓ **Common Fund (Mutual funds)**

A mutual fund is a pool of assets that are jointly owned by its unit holders and deposited with a depositary, forming a collective fund managed by a management company in the interests of the unit holders. The mutual fund has no separate legal personality and its legal interests are represented by the management company.

✓ **Variable Capital Company**

Has the legal form of a limited liability company with shares.



UCITS – Eligible asset categories

- Transferable Securities (TSs)
- Money Market Instruments (MMIs)
- Open-ended collective investment schemes
- Deposits with eligible credit institutions
- Financial derivative instruments



UCITS – Key benefits

- ✓ Full EU passporting rights, Cyprus UCITS can be marketed in all EU member states.
- ✓ Cost-efficient to set-up and operate.
- ✓ Low investment risk and internationally regarded as one of the most efficient asset management tools.
- ✓ Continuous professional management by a team of experienced and reputable financial experts, with the know-how to determine investment opportunities both in Cyprus and in international markets.
- ✓ Robust legislative framework that protects and promotes investor interests.

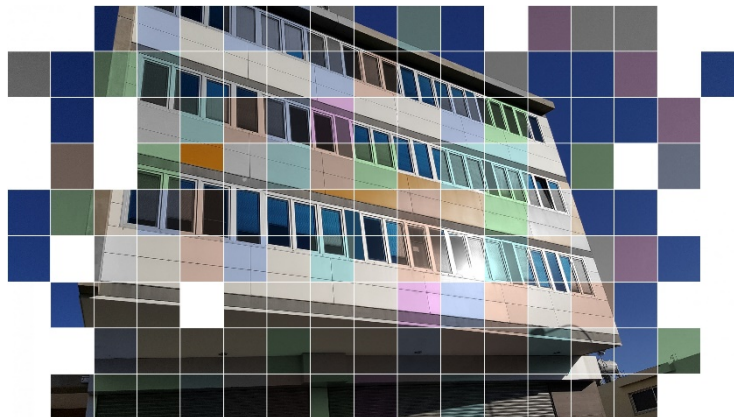
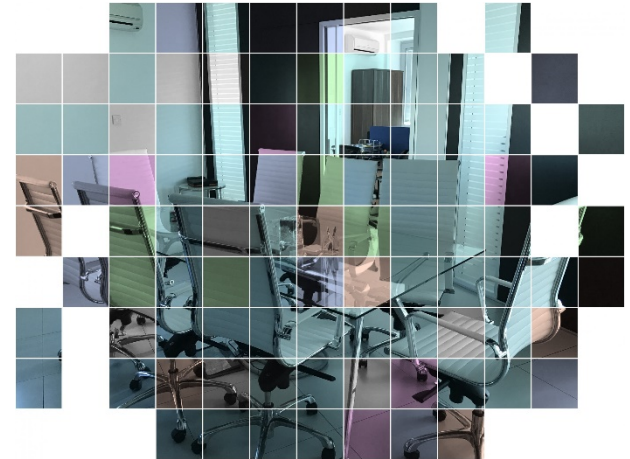


UCITS – Key benefits

- ✓ Possibility to set up umbrella funds, allowing different sub-funds and share classes.
- ✓ Investments are fully transparent and easy to monitor through daily publication of Net Asset Value (NAV).
- ✓ Upon request, investors are entitled to repurchase or redeem their units from the assets of the UCITS.
- ✓ Supervised by a competent and accessible regulatory authority

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