

**The Small Alternative Investment Fund Managers Law of 2020 is issued upon its publication in the  
Official Gazette of the Republic of Cyprus pursuant to Article 52 of the Constitution**

-----  
Number 81(I) of 2020

**ORDER OF ARTICLES**

**PART I  
INTRODUCTORY PROVISIONS**

1. Short title
2. Interpretations
3. Scope of application of this Law
4. Determination of the sAIFM
5. Provision of management functions by a sAIFM

**PART II  
AUTHORISATION OF A sAIFM OF THE REPUBLIC**

6. Application for authorisation of a sAIFM of the Republic
7. Conditions for authorizing a sAIFM of the Republic
8. Initial capital and own funds of a sAIFM of the Republic
9. Board of directors and senior management of a sAIFM of the Republic
10. Material changes in the information of a sAIFM of the Republic
11. Suspension of authorisation of a sAIFM of the Republic
12. Notification for renunciation from and withdrawal of the authorisation of a sAIFM of the Republic

**PART III  
OPERATING CONDITIONS**  
Chapter 1: General Requirements

13. General requirements
14. Requirement to submit correct information
15. Securing the interests of AIFs and their unitholders
16. Remuneration
17. Conflict of interests
18. Risk management
19. Liquidity management

Chapter 2: Marketing of units

20. Rules for the marketing of AIF units

### Chapter 3: Organisational requirements

21. Internal procedures and organisational requirements
22. Valuation of AIF assets

### Chapter 4: Delegation of functions

23. Conditions for delegation of functions
24. Sub-delegation of functions by a third party
25. Liability of a sAIFM in case of delegation of functions

### Chapter 5: Other conditions

26. Organisational structure and own funds of a CIF.

## **PART IV KEEPING AND PUBLICATION OF REGISTER**

27. Keeping and publication of Register

## **PART V SUPERVISION AND SANCTIONS**

28. Competent supervisory authority and powers
29. Reporting of breaches
30. Fees, charges and annual contributions
31. Administrative measures
32. Criminal offenses

## **PART VI FINAL AND TRANSITIONAL PROVISIONS**

33. Issue and implementation of directives
34. Transitional provisions

## THE SMALL ALTERNATIVE INVESTMENT FUND MANAGERS LAW OF 2020

The House of Representatives enacts as follows:

- Short title. 1. This Law shall be cited as the Small Alternative Investment Fund Managers (sAIFM) Law of 2020.

### PART I INTRODUCTORY PROVISIONS

- Interpretations. 2. (1) In this Law, unless the context otherwise requires -

124(I) of 2018. “**common fund**” has the meaning attributed to this term by Article 2 of the Alternative Investment Funds Law·

“**senior management**” means the natural persons effectively conducting the business activities of the Small AIFM·

“**initial capital**” means the minimum own funds -

(a) required under the provisions of this Law for the authorisation of a Small AIFM;  
and

(b) comprising -

(i) the issued and paid up capital to which the difference from the issue of share premium shares is added, excluding the cumulative preferential shares; and

(b) the reserves, excluding the revaluation reserves as well as the undistributed profits of previous years brought forward to the profit and loss account through the application of the final result·

“**insurance undertaking**” means -

38(I) of 2016  
88(I) of 2017  
155(I) of 2018. (a) an insurance undertaking as per Article 2 of the Insurance and Re-insurance Services and Other Related Matters Law; or

(b) an insurance undertaking of a member state as per Article 2 of the Insurance and Re-insurance Services and Other Related Matters Law; or

(c) an insurance undertaking of a third country as per Article 2 of the Insurance and Re-insurance Services and Other Related Matters Law,

but it does not include a mutual insurance undertaking as per Article 2 of the same Law·

“**prime broker**” means any of the following:

The present English text is for information purposes only and is not legally binding.  
The legally binding document is in the Greek language.

- (a) a credit institution;
- (b) an investment firm;
- (c) another entity which-
  - (i) is subject to prudential regulation and ongoing supervision;
  - (ii) offers services to professional investors primarily to finance or execute transactions in financial instruments as counterparty; and
  - (iii) which may also provide other services such as clearing and settlement of trades, custodial services, securities lending, customised technology and operational support means and facilities.

“**marketing**” or “**marketing of units**” means the direct or indirect offering or placement at the initiative of the sAIFM or in the name of the sAIFM, of units of an AIF managed by the sAIFM to investors who are -

- (a) in the case of natural persons, domiciled in a member state or a third country;
- (b) in the case of legal persons, having their corporate seat or registered office in a member state or a third country.

“**managing AIF**” means performing the management functions referred to in clause (1) of Article 5 for one or more AIFs.

“**board of directors**” means the company’s board which is legally appointed and has the power to determine the strategy, objects and general direction of the company and supervise and monitor the decision-making process regarding the company’s management and business activities.

“**AIFM**” has the meaning attributed to this term by Article 2 of the Alternative Investment Fund Managers Law.

56(I) of 2013  
8(I) of 2015  
97(I) of 2015  
133(I) of 2019.

“**non-EU AIFM**” has the meaning attributed to this term by Article 2 of the Alternative Investment Fund Managers Law.

“**AIFM of the Republic**” has the meaning attributed to this term by Article 2 of the Alternative Investment Fund Managers Law.

“**EU AIFM**” has the meaning attributed to this term by Article 2 of the Alternative Investment Fund Managers Law.

“**qualifying holding**” means the direct or indirect holding in a company, which -

- (a) represents 10 % or more of the capital or of the voting rights; or
- (b) makes it possible to exercise a significant influence over the management of the company in which that holding subsists.

87(I) of 2017.

“**professional investor**” means an investor which is considered to be a professional investor or may, on request, be treated as a professional client within the meaning of Annex II of the Investment Services and Activities and Regulated Markets Law.

“**well-informed investor**” has the meaning attributed to this term by Article 2 of the Alternative Investment Funds Law.

“**Securities and Exchange Commission**” means the Cyprus Securities and Exchange Commission established and operating under the Cyprus Securities and Exchange Commission Law.

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

“**Investment Firm**” or “**IF**” has the meaning attributed to this term by Article 2 of the Investment Services and Activities and Regulated Markets Law.

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 (I) of 1992  
96 (I) of 1992  
41(I) of 1994  
15(I) of 1995  
21(I) of 1997  
82(I) of 1999  
149(I) of 1999  
2(I) of 2000  
135(I) of 2000  
151(I) of 2000  
76(I) of 2001  
70(I) of 2003  
167(I) of 2003  
92(I) of 2004  
24(I) of 2005

“**company**” means a company formed under the Companies Law.

The present English text is for information purposes only and is not legally binding.  
The legally binding document is in the Greek language.

129(I) of 2005  
130(I) of 2005  
98(I) of 2006  
124(I) of 2006  
70(I) of 2007  
71(I) of 2007  
131(I) of 2007  
186(I) of 2007  
87(I) of 2008  
41(I) of 2009  
49(I) of 2009  
99(I) of 2009  
42(I) of 2010  
60(I) of 2010  
88(I) of 2010  
53(I) of 2010  
117(I) of 2011  
145(I) of 2011  
157(I) of 2011  
198(I) of 2011  
64(I) of 2012  
98(I) of 2012  
190(I) of 2012  
203(I) of 2012  
6(I) of 2013  
90(I) of 2013  
74(I) of 2014  
18(I) of 2015  
62(I) of 2015  
63(I) of 2015  
89(I) of 2015  
120(I) of 2015  
40(I) of 2016  
90(I) of 2016  
97(I) of 2016  
17(I) of 2017  
51(I) of 2017  
37(I) of 2018  
83(I) of 2018  
149(I) of 2018  
163(I) of 2019  
38(I) of 2020  
43(I) of 2020.

78(I) of 2012  
88(I) of 2015  
52(I) of 2016  
134(I) of 2019.

**“UCITS management company”** has the meaning attributed to the term “Management Company” by Article 2 of the Open-Ended Undertakings for Collective Investment Law and includes management companies authorised by another member state, subject to its legislation incorporating Directive 2009/65/EC.

**“investment company”** has the meaning attributed to this term by Article 2 of the Alternative Investment Funds Law.

“**limited partnership**” has the meaning attributed to this term by Article 2 of the Alternative Investment Funds Law.

“**retail investor**” means an investor who does not qualify as a professional investor nor as a well-informed investor.

“**depository**” means a legal person entrusted with at least one of the tasks set out in Article 24 of the Alternative Investment Fund Managers Law.

“**subsidiary**” has the meaning attributed to this term by Article 2 of the Companies Law or by a relevant law of a member state or a third country, as the case may be.

“**own funds**” has the meaning attributed to this term by Article 4, paragraph 1, point 118 of Regulation (EU) No. 575/2013.

Official Journal  
of the EU L.178,  
27.06.2013, p.1,  
L.310,  
25.11.2017, p.1

“**Regulation (EU) No. 575/2013**” means the act of the European Union titled ‘Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012’ as recently amended by Regulation (EU) 2017/2188 of the European Parliament and of the Council of 11 August 2017.

“**Registered Alternative Investment Fund**” or “**RAIF**” has the meaning attributed to this term by Article 2 of the Alternative Investment Funds Law.

17(III) of 2004.

“**member state**” means any member state of the European Union or another state that is a contracting party to the Agreement on the European Economic Area, signed at Oporto on the 2<sup>nd</sup> of May 1992 and adjusted by the Protocol signed in Brussels on the 17<sup>th</sup> of March 1993, as this Agreement was amended by the Agreement on the Participation of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic in the European Economic Area of 2004 and of the Final Act (Ratifying) Law, and as the Agreement is, from time to time, further amended or replaced.

“**Cypriot Investment Firm**” or “**CIF**” has the meaning attributed to this term by Article 2 of the Investment Services and Activities and Regulated Markets Law and means a CIF authorised by the Securities and Exchange Commission for the performance of AIF management functions pursuant to the provisions of paragraph (b) of clause (5) of Article 5 of the Investment Services and Activities and Regulated Markets Law, unless the context otherwise requires.

“**master AIF**” means an AIF in which another AIF invests or has an exposure in accordance with the definition given to the term “feeder AIF” by this Law.

“**AIF management functions**” or “**management functions**” means the management functions provided for in clause (1) of Article 5.

The present English text is for information purposes only and is not legally binding.  
The legally binding document is in the Greek language.

“**AIF unit**” means a mutual fund unit or an investment company share or share or interest issued by a limited partnership depending on the form of the AIF.

“**unitholder**” in respect of an AIF, means the holder of a unit or of a fraction of a unit.

“**holding company**” has the meaning attributed to this term by Article 2 of the Companies Law or by a relevant law of a member state or third country, as the case may be.

“**Small AIFM of the Republic**” means an AIF manager authorised under the provisions of this Law for the investment management of AIFs, whose assets do not exceed the threshold provided for in clause (2) of Article 4 of the Alternative Investment Fund Managers Law.

“**Small AIFM of a member state**” means an AIF manager authorised in another member state for the investment management of AIFs, whose assets do not exceed the threshold provided for in Article 3, paragraph 2 of Directive 2011/61/EU and is subject to prudential rules under the home legislation of its home member state;

«**Small AIFM**” or “**sAIFM**” means the persons provided for in clause (1) of Article 3, unless the context otherwise requires.

“**leverage**” means any method by which the sAIFM increases the exposure of an AIF it manages whether through borrowing of cash or transferable securities, or leverage embedded in derivative positions or by any other means.

“**Law**” means this Law and the directives issued thereunder.

“**directive**” means a directive of regulatory content of the Securities and Exchange Commission published in the Official Gazette of the Republic.

“**Directive 2009/65/EC**” means the act of the European Union titled “Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as amended by Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014.”

Official Journal  
of the EU: L 302,  
17.11.2009,  
p.32,  
L 257,  
28.08.2014,  
p.186

“**Directive 2011/61/EU**” means the act of the European Union titled “Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No. 1060/2009 and (EU) No. 1095/2010” as amended by Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014.

Official Journal  
of the EU: L 174,  
01.07.2011, p.1,  
L 173,  
12.06.2014,  
p.349



The present English text is for information purposes only and is not legally binding.  
The legally binding document is in the Greek language.

“AIF” or “Alternative Investment Fund” means a collective investment undertaking or an investment compartment thereof, which:

- (a) raises capital from a number of investors, with a view to investing it in accordance with a defined investment policy for the benefit of those investors; and
- (b) does not have a UCITS authorisation pursuant to the provisions of Article 9 of the Open-Ended Undertakings for Collective Investment Law or pursuant to the legislation of another member state which harmonises Article 5 of Directive 2009/65/EC.

“AIFLNP” or “AIF with limited number of persons” has the meaning attributed to this term by Article 2 of the Alternative Investment Funds Law.

“UCITS” has the meaning attributed to this term by Article 2 of the Open-Ended Undertakings for Collective Investment Law.

“credit institution” means:

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

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

28(I) of 2018  
89(I) of 2018  
153(I) of 2018  
80(I) of 2019  
149(I) of 2019  
21(I) of 2020.

- (b) if the entity is established in a member state, a credit institution, within the meaning of Article 4, paragraph (1), point (1) of Regulation (EU) No. 575/2013; or
- (c) if the entity is established in a third country, an entity carrying out similar activities to the undertaking defined as “credit institution” within the meaning of Article 4, paragraph (1), point (1) of Regulation (EU) No. 575/2013 and which is subject to the law of a third country which applies prudential supervisory and regulatory requirements at least equivalent to those applied in the European Union.

“**close links**” between two or more persons, means the situation, in which the persons-

- (a) are linked by participation, namely ownership, directly or by way of control, of at least 20% of the capital or voting rights of a company; or
- (b) are linked by control, namely the relationship between a holding company and a subsidiary company, pursuant to Article 148 of the Companies Law or a similar relationship between a natural and a legal person; for the purposes of this paragraph, a subsidiary company of a subsidiary company shall also be considered to be a subsidiary of the holding company of those subsidiaries; or
- (c) are permanently linked between them by a control relationship.

“**third country**” means a country, which is not a member state.

“**feeder AIF**” means an AIF, which -

- (a) invests at least eighty-five (85%) of its assets in units or shares of a master AIF; or
  - (b) invests at least eighty-five (85%) of its assets in more than one master AIFs, where those master AIFs have identical investment strategies; or
  - (c) has otherwise an exposure of at least eighty-five (85%) of its assets to one or more master AIFs.
2. (a) In this Law and in any regulatory administrative acts issued thereunder, any reference to a legislative act of the European Union, such as Directive, Regulation or Decision, shall mean the said act as corrected, amended or replaced from time to time, unless the context otherwise requires.

- Scope of application of this Law.
3. (b) In this Law and in any regulatory administrative acts issued thereunder, any reference to a law or regulatory administrative act of the Republic, shall mean the said law or regulatory administrative act as corrected, amended or replaced from time to time, unless the context otherwise requires.
3. (1) This Law shall apply to:
- (a) Small AIFMs of the Republic;
  - (b) Small AIFMs of a member state; and
  - (c) CIFs authorised by the Securities and Exchange Commission for the performance of AIF management functions under the provisions of paragraph (b) of clause (5) of Article 5 of the Investment Services and Activities and Regulated Markets Law.
- (2) Small AIFMs of the Republic and CIFs may be appointed as external managers for the following AIFs:
- (a) AIF established and operating in the Republic;
  - (b) AIF established and operating in a member state other than the Republic or in a third country, if permitted by the legislation governing the AIF;
  - (c) AIFLNP;
  - (d) RAIF which meets the requirements provided for in clause (2) of Article 135 of the Alternative Investment Funds Law.
- (3) A Small AIFM of a member state may be appointed as external manager for the following AIFs governed by a legislation of the Republic:
- (a) AIF established and operating in the Republic;
  - (b) AIFLNP;
  - (c) RAIF which meets the requirements provided for in clause (2) of Article 135 of the Alternative Investment Funds Law.
- (4) A Small AIFM of a member state may market the units of the AIF it manages in the Republic pursuant to clauses (4) and (5) of Article 20.
- (5) The provisions of clause (2) of Article 4 of the Alternative Investment Fund Managers Law apply to Small AIFMs of the Republic and to CIFs.

**The present English text is for information purposes only and is not legally binding.  
The legally binding document is in the Greek language.**

- Determination of the sAIFM.
4. (1) For each AIF referred to in clauses (2) and (3) of Article 3, a single Small AIFM shall be appointed, which shall be responsible for ensuring compliance with the provisions of this Law and of the legislation governing the AIF.
- (2) A Small AIFM is the legal person appointed by the AIF or for the account of the AIF as external manager and is responsible for the AIF's management functions.
- Provision of management functions by a sAIFM.
5. (1) Small AIFMs shall be permitted to provide the following management functions:
- (a) the AIF investment management, which includes the portfolio management and the risk management functions;
- (b) the AIF administration, which includes the following:
- (i) legal and AIF management accounting services;
  - (ii) customer inquiries;
  - (iii) AIF portfolio valuation and pricing, including tax returns;
  - (iv) regulatory compliance monitoring;
  - (v) maintenance of unitholder register;
  - (vi) distribution of AIF income;
  - (vii) AIF units issues and redemptions;
  - (viii) contract settlements, including certificate dispatch;
  - (ix) record keeping;
- (c) marketing of AIF;
- (d) activities related to the assets of an AIF, namely services necessary to meet the fiduciary duties of the Small AIFM, facilities management, real estate administration activities, advice to undertakings on capital structure, industrial strategy and related matters, advice and services relating to mergers and the purchase of undertakings and other services connected to the management of the AIF and the companies and other assets in which it has invested.
- (2) A Small AIFM, as the external manager of an AIF, may only engage in the activity provided for in clause (1).

PART II  
AUTHORISATION OF sAIFM OF THE REPUBLIC

Application for authorisation of a sAIFM of the Republic.

6. (1) A Small AIFM of the Republic shall be a limited liability company by shares, governed by the provisions of this Law as well as the provisions of the Companies Law, and shall have its registered office and central administration in the Republic.
- (2) A Small AIFM of the Republic may manage an AIF only upon being authorised by the Securities and Exchange Commission pursuant to the provisions of Article 7 and if it complies, on a permanent basis, with the authorisation requirements provided in the Law.
- (3) In order to be authorised, a Small AIFM of the Republic shall submit to the Securities and Exchange Commission a duly completed application, accompanied by the following:
- (a) adequate information and data regarding the members of the board of directors and senior management, for the Securities and Exchange Commission to be able to assess whether they are of sufficiently good repute and have sufficient knowledge, skills and experience to perform these duties;
  - (b) information on the identities of the shareholders, whether direct or indirect, that have qualifying holdings in the Small AIFM irrespective of whether they are natural or legal persons, as well as information on the amounts of those holdings;
  - (c) business plan and the internal operations manual which sets out its organisational structure including information on how to comply with its obligations;
  - (d) information on the arrangements and procedures for the delegation to third parties of functions in accordance with the provisions of Articles 23 to 25;
  - (e) information on the investment strategy, risk profile, the use of leverage and other characteristics of the AIFs it manages or intends to manage, including information on the member states or third countries in which such AIFs are established or are expected to be established;
  - (f) where the AIF is a feeder AIF, information on where the master AIF is established; and
  - (g) information on the arrangements made for the appointment of a depository, where required, in accordance with the legislation governing the AIF.
- (4) The Securities and Exchange Commission may, for the purposes of clause (3), request the submission of any additional or clarifying information or additional data further to those provided for in clause (3), if deemed necessary or useful, in order to decide whether to authorise or not a Small AIFM of the Republic.

The present English text is for information purposes only and is not legally binding.  
The legally binding document is in the Greek language.

- (5) The information and data provided for in clauses (3) and (4) shall be submitted either in one of the official languages of the Republic or, where the language for submission is not Greek, they shall also be submitted in English.
- (6) The responsibility for the correctness, completeness and precision of the application for authorisation as well as of the accompanying information shall be borne by:
  - (a) in case the company is not yet established, the signatories to the Memorandum and Articles of Association of the applicant Small AIFM of the Republic signing the application; or
  - (b) in the case of an existing company, the members of the board of directors of the applicant Small AIFM of the Republic signing the application.
- (7) An application submission fee as set out in Article 20 shall be paid for the examination of the application.
- (8) The application shall be deemed to be duly completed only if it includes all data and information and the relevant fee required by the Securities and Exchange Commission under the provisions of this Law is paid.
- (9) The Securities and Exchange Commission may, by means of a directive, specify the information or data submitted, determine the type, content of the application and the information included therein, as well as any other relevant matter with regard to the requirements for the examination and authorisation of a Small AIFM of the Republic of this Part.

Conditions for authorising a sAIFM of the Republic.

- 7. (1) The Securities and Exchange Commission shall authorise a Small AIFM of the Republic, submitting an application under the provisions of this Law, only when the following conditions are met:
  - (a) the Small AIFM is able to respond to the obligations arising from this Law;
  - (b) the Small AIFM has the initial capital required pursuant to the provisions of Article 8;
  - (c) the members of the board of directors and the senior management of the Small AIFM are of sufficiently good repute and are sufficiently experienced in relation to the investment strategies pursued by the AIFs managed by the Small AIFM;
  - (d) the Small AIFM employs at least two (2) persons as senior management;

The present English text is for information purposes only and is not legally binding.  
The legally binding document is in the Greek language.

- (e) the shareholders that have, directly or indirectly, qualifying holdings in the Small AIFM are suitable taking into account the need to ensure the sound and prudent management of the Small AIFM of the Republic; and
  - (f) the head office of the Small AIFM is located in the Republic, and the management and control of the Small AIFM takes place in the Republic.
- (2) The Securities and Exchange Commission shall inform in writing the applicant Small AIFM of the Republic of its decision to grant authorisation it or not, within six (6) months from the date of submission of the duly completed application.
- (3) The Securities and Exchange Commission may consult with the relevant competent authorities of a member state other than the Republic or a third country, for the purposes of granting authorisation, in case the applicant Small AIFM of the Republic is -
  - (a) a subsidiary of an AIFM or of a UCITS management company or of an Investment Firm or of a credit institution or of an insurance undertaking, authorised in this state; or
  - (b) a subsidiary of the holding company of an AIFM or of a UCITS management company or of an Investment Firm or of a credit institution or of an insurance undertaking, authorised in this state; or
  - (c) a company controlled at board of directors or senior management level by the same members of the board of directors or senior management of an AIFM or a UCITS management company or an Investment Firm or a credit institution or an insurance undertaking, authorised in this state.
- (4) The Securities and Exchange Commission may consult with the relevant competent authorities of a member state other than the Republic or a third country, for purposes of granting authorisation, in case the applicant Small AIFM of the Republic is -
  - (a) a subsidiary of another AIF manager, authorised in this state to manage portfolios of AIFs whose assets under management do not exceed the threshold provided for in Article 3, paragraph 2 of Directive 2011/61/EU; or
  - (b) a subsidiary of the holding company of another AIF manager, authorised in this state to manage portfolios of AIFs whose assets under management do not exceed the threshold provided for in Article 3, paragraphs 2 of Directive 2011/61/EU; or
  - (c) a company controlled at board of directors or senior management level by the same members of the board of directors or senior management of an AIF manager, authorised in this state to manage portfolios of AIFs

The present English text is for information purposes only and is not legally binding.  
The legally binding document is in the Greek language.

whose assets under management do not exceed the threshold provided for in Article 3, paragraphs 2 of Directive 2011/61/EU.

- (5) The Securities and Exchange Commission shall not grant authorisation to a Small AIFM of the Republic where the conditions provided for in clause (1) are not met and the effective exercise of its supervisory functions is prevented by any of the following:
- (a) close links between the Small AIFM and other persons;
  - (b) the laws, regulations or administrative provisions of a third country governing one or more persons with which the Small AIFM of the Republic has close links;
  - (c) difficulties, which may arise in the enforcement of the laws, regulations and administrative provisions referred to in this Article.
- (6) The Securities and Exchange Commission may restrict the scope of the authorisation to be granted, in particular as regards the investment strategies of AIFs, managed by the Small AIFM of the Republic.

Initial capital and own funds of a sAIFM of the Republic.

8. (1) A Small AIFM of the Republic, which applies for authorisation, shall have an initial capital of at least fifty thousand Euro (€50.000).
- (2) Where the value of the portfolios of AIFs managed by the Small AIFM of the Republic exceeds one hundred and twenty-five million Euro (€125.000.000), the Small AIFM of the Republic shall provide an additional amount of own funds, which shall be equal to 0.02 % of the amount by which the value of the portfolios of the Small AIFM exceeds one hundred and twenty-five million Euro (€125.000.000):

It is provided that, the provision of clause (2) shall apply to the cases of paragraph (b), clause (2), Article 4 of the Alternative Investment Fund Managers Law, where the value of the portfolio of the AIF under management exceeds one hundred million Euro (€100.000.000) and the Small AIFM of the Republic is not required to opt in under the Alternative Investment Fund Managers Law.

- (3) For purposes of calculation of the value of the portfolios under the management of a Small AIFM of the Republic, the portfolios of the AIFs managed by the Small AIFM including those of the AIFs for which the Small AIFM has delegated functions in accordance with the provisions of Articles 23 and 24, shall be calculated:

It is provided that, the portfolios of the AIFs managed by the Small AIFM of the Republic under delegation shall be excluded from the calculation of the value of the assets managed by the Small AIFM of the Republic.



- (4) Without prejudice to the provisions of clauses (1) and (2), the own funds of the Small AIFM of the Republic shall not be less than one-eighth (1/8) of the preceding financial year's fixed overheads. In case the first financial year of the Small AIFM of the Republic has not yet passed, the own funds shall not be less than the amount corresponding to one-eighth (1/8) of the scheduled fixed overheads for the first financial year, according to its business plan.
- (5) The Small AIFM of the Republic may not provide up to fifty per cent (50%) of the additional amount of own funds referred to in clause (2), if it benefits from a guarantee or insurance coverage of the same amount given by a credit institution or an insurance undertaking, as the case may be, which has its registered office or statutory seat;
  - (a) in a member state; or
  - (b) in a third country where it is subject to prudential rules considered by the Securities and Exchange Commission as equivalent to those laid down in the European Union law.

Board of directors and senior management of a sAIFM of the Republic.

- 9. (1) The board of directors of the Small AIFM of the Republic consists of at least four (4) natural persons, of whom at least two (2) shall perform executive duties thereat.
- (2)
  - (a) The management functions provided for in paragraph (a) of clause (1) of Article 5 shall be performed by at least two (2) natural persons, who belong in the senior management of the Small AIFM and who are of sufficiently good repute, as well as have sufficient knowledge and experience to perform these duties. The natural persons who belong in the senior management may participate in the board of directors of the Small AIFM as executive members.
  - (b) Senior management engaged in the performance of the risk management function shall not be supervised by those responsible for the performance of the operating units, including the portfolio management function.
- (3) In case the legislation governing the AIF, requires the appointment of a depositary, the members of the board of directors and the senior management of the Small AIFM of the Republic shall not be permitted to be common with the members of the board of directors and/or the management and/or the persons effectively performing one of the business activities of the AIF's depositary.

The present English text is for information purposes only and is not legally binding.  
The legally binding document is in the Greek language.

- (4) The members of the board of directors and the senior management shall disclose to the board of directors of the Small AIFM of the Republic their capacity, which could cause a conflict of interests in the exercise of their duties.
- Material changes in the information of a sAIFM of the Republic. 10. (1) The Small AIFM of the Republic shall notify the Securities and Exchange Commission of any material change in the data or information, which were a requirement for granting authorisation by the Securities and Exchange Commission and, in particular, of any change in the information provided pursuant to the provisions of Article 6, at least one (1) month prior to the implementation of such change.
- (2) To assess the notification, a notification submission fee shall be paid as provided in Article 30.
- (3) (a) The Securities and Exchange Commission may, within two (2) months from receiving a duly completed notification, reject the forthcoming change or impose a restriction in its implementation. It may also, at its absolute discretion, extend the deadline for an additional month if this is deemed necessary and shall inform, in writing, the Small AIFM of the Republic accordingly.
- (b) In case the Securities and Exchange Commission does not object to the change within the said deadline or extension period, the change shall be deemed to be approved.
- (4) The Securities and Exchange Commission may, by means of a directive, specify the material changes, the type, content of the notification and the information provided thereby and any other relevant matter regarding the requirements for examining the notification.
- Suspension of authorisation of a sAIFM of the Republic. 11. (1) The Securities and Exchange Commission may suspend in whole or in part, in relation to all or a specific AIF, the authorisation of a Small AIFM of the Republic -
- (a) simultaneously and immediately upon commencement of the procedure for withdrawing the authorisation, pursuant to the provisions of clause (3) of Article 12, in case, at its absolute discretion, the continuation of operation of the Small AIFM, until a decision to withdraw or not its authorisation is reached, may jeopardise the interests of the AIFs it manages and/or of their unitholders and/or the interests of its clients and/or the smooth operation of the capital market; or
- (b) when there are suspicions-
- (i) for possible breach of the provisions of this Law; and/or

- (ii) that the continuation of operation of the Small AIFM of the Republic may jeopardise the interests of the AIFs it manages and/or of their unitholders and/or the interests of its clients and/or the smooth operation of the capital market:

It is provided that, in the case of paragraph (b), the decision to suspend the authorisation of a Small AIFM of the Republic may be reached by the Chairman and/or Vice-Chairman of the Securities and Exchange Commission who shall inform its board at its next meeting.

- (2) In case of suspension of the authorisation under the provisions of paragraph (b) of clause (1), the Securities and Exchange Commission may give the Small AIFM of the Republic a reasonable deadline, which shall not exceed three (3) months from the date of communication of the decision for suspension of the authorisation to comply with the reasons of the suspension.
- (3) The Small AIFM of the Republic shall inform within the deadline provided for in clause (2) the Securities and Exchange Commission of its compliance.
- (4) In case the Securities and Exchange Commission is satisfied that the reason of the suspension of the authorisation ceases to exist, it shall revoke the suspension and inform the Small AIFM of the Republic accordingly.
- (5) If -
  - (a) the Small AIFM of the Republic fails to inform the Securities and Exchange Commission of its compliance; or
  - (b) the Securities and Exchange Commission is not satisfied that the Small AIFM of the Republic complied with the reasons of suspension of its authorisation,

the Securities and Exchange Commission shall automatically extend the suspension of the authorisation of the Small AIFM of the Republic and commence the procedure for its withdrawal and in such case, the authorisation shall remain suspended until a decision is reached for its withdrawal or not.

- (6)
  - (a) In case of total suspension of the authorisation of a Small AIFM of the Republic, the Small AIFM shall not be permitted to perform the AIF management functions in relation to all AIFs it manages;
  - (b) In case of partial suspension of the authorisation of a Small AIFM of the Republic, the Small AIFM may not be permitted to perform some or all the AIF management functions in relation to a particular AIF to which the suspension pertains;
  - (c) In case a Small AIFM of the Republic breaches the provisions of clause (6), the Securities and Exchange Commission may impose an

**The present English text is for information purposes only and is not legally binding.  
The legally binding document is in the Greek language.**

administrative fine not exceeding three hundred and fifty thousand Euro (€350 000).

Notification for renunciation and withdrawal of the authorisation of a sAIFM of the Republic.

12. (1) In case a Small AIFM of the Republic decides to expressly renounce its authorisation, the authorisation shall be terminated and cease to have any effect.
- (2) For the termination of the authorisation of a Small AIFM of the Republic, pursuant to the provisions of clause (1) -
- (a) the Small AIFM of the Republic shall notify the Securities and Exchange Commission in writing of its intention giving the reasons for renouncing its authorisation as well as the proposed timeframe for the implementation of the actions provided for in paragraph (c); such timeframe shall be reasonable taking into account the obligations that a Small AIFM must settle towards its clients and/or the unitholders of the AIFs;
  - (b) the notice for renouncing provided for in clause (1) shall be accompanied by all original authorisations and amendments thereof, in the Greek and English versions, which shall be returned to the Securities and Exchange Commission;
  - (c) the Small AIFM of the Republic, immediately after informing the Securities and Exchange Commission, pursuant to the provisions of paragraph (a), shall -
    - (i) post on all its websites an announcement informing investors of its intention to terminate its activities, as well as of the procedure, which its clients and/or unitholders of the AIFs it manages, should follow within the deadline set by the Small AIFM, for the conclusion of their transactions, the return of their funds and financial instruments as well as for the submission of any complaints;
    - (ii) settle all its obligations, including any debts to the Securities and Exchange Commission;
    - (iii) examine and resolve any complaints by clients and/or unitholders submitted thereto;
    - (iv) ensure that it does not provide management functions beyond those which are strictly necessary for the conclusion of the

**The present English text is for information purposes only and is not legally binding.  
The legally binding document is in the Greek language.**

pending transactions of itself and of its clients and/or unitholders of the AIFs it manages, as per their instructions;

- (d) the proposed timeframe provided for in paragraph (a) shall be subject to the approval of the Securities and Exchange Commission, which may require from the Small AIFM of the Republic to proceed to additional actions further to those provided for in paragraph (c);
  - (e) the Small AIFM of the Republic shall, after proceeding to all actions referred to in paragraph (c) within the set timeframe, inform the Securities and Exchange Commission accordingly;
  - (f) the Small AIFM of the Republic shall produce together with the information provided for in paragraph (e), an auditor's confirmation that the Small AIFM took all the measures required and proceeded to all the actions provided for in paragraph (c) and, where applicable, paragraph (d);
  - (g) the Securities and Exchange Commission shall, once it is satisfied for the actions taken by the Small AIFM, withdraw its authorisation and with the withdrawal of the authorisation, the former Small AIFM shall ensure immediately and without delay that all references to the performance of management functions as well as to its authorisation and supervision by the Securities and Exchange Commission have been deleted from its websites and from anywhere else.
- (3) The Securities and Exchange Commission may withdraw the authorisation of a Small AIFM of the Republic if -
- (a) the Small AIFM does not meet the conditions for authorisation;
  - (b) the Small AIFM has committed serious and/or repeated breach of the provisions of this Law;
  - (c) the Small AIFM was granted an authorisation based on false or misleading information or in any other irregular manner;
  - (d) the Small AIFM submitted or communicated or otherwise published in any manner false or misleading information, data or forms;
  - (e) the Small AIFM did not perform, directly or upon delegation thereto, any management functions within twelve (12) months from the date of issue of its authorisation.
- (4) In the case of withdrawal of the authorisation of a Small AIFM of the Republic, the Securities and Exchange Commission shall permanently delete the Small AIFM from the Register provided for in Article 28.

The present English text is for information purposes only and is not legally binding.  
The legally binding document is in the Greek language.

- (5) In case of withdrawal of a Small AIFM authorisation, the Small AIFM shall immediately cease to perform AIF management functions.
- (6) With the exception of the cases referred to in paragraphs (a) and (d) of clause (2), a Small AIFM of the Republic whose authorisation was withdrawn, shall settle its obligations arising from the AIF management functions within a period of three (3) months from the date of communication to the Small AIFM of the relevant decision of the Securities and Exchange Commission.

### PART III

#### OPERATING CONDITIONS

##### Chapter 1: General Requirements

- |  |     |  |
|--|-----|--|
| General Requirements.                      | 13. | <ol style="list-style-type: none"><li>(1) The Small AIFM of the Republic shall, during the entire duration of its operation, comply with the authorisation conditions and the provisions of the Law relating to the performance by the SAIMF of AIF management functions.</li><li>(2) The Small AIFM of a member state and the CIF shall, during the entire duration of their operation, comply with the provisions of the Law relating to the performance by them of AIF management functions.</li><li>(3) The Small AIFM shall:<ol style="list-style-type: none"><li>(a) act honestly, with due skill, care and diligence and fairly in conducting its business activities;</li><li>(b) have and employ effectively the resources and procedures that are necessary for the proper performance of its business activities;</li><li>(c) comply with all regulatory requirements applicable to the conduct of its business activities so as to promote the best interests of the AIFs or of the unitholders of the AIFs it manages and the integrity of the market.</li></ol></li><li>(4) No unitholder shall obtain preferential treatment by a Small AIFM, unless such preferential treatment is disclosed in the relevant AIF's fund rules or instruments of incorporation or partnership agreement.</li><li>(5) The Small AIFM of the Republic and the CIF shall furnish the Securities and Exchange Commission with the information required thereby for the monitoring of their ongoing compliance with the provisions of the Law.</li></ol> |
| Requirement to submit correct information. | 14. | <ol style="list-style-type: none"><li>(1) A person, including Small AIFMs, that is required under the provisions of this Law to submit or communicate to the Securities and Exchange Commission any information, data, documents or forms, either upon the request of the Securities and Exchange Commission or otherwise, shall see to and ensure their correctness, completeness and accuracy.</li></ol>   |

The present English text is for information purposes only and is not legally binding.  
The legally binding document is in the Greek language.

- (2) The provision to the Securities and Exchange Commission of false or misleading information, data, documents or forms or the withholding of material information shall constitute, further to a breach, which is subject to administrative sanction pursuant to the provisions of Article 31, a criminal offence punishable in accordance with the provisions of Article 32.
- Securing the interests of AIFs and their unitholders. 15. (1) The Small AIFM shall act having in mind the interest of the AIFs it manages and of their unitholders ensuring the smooth operation and integrity of the market.
- (2) The Small AIFM shall be liable to the unitholders of AIFs for every negligence on its behalf during the performance of management functions.
- (3) The Small AIFM shall enforce appropriate policies and procedures, in order to ensure that the policies for the redemption or repurchase of AIF units as well as any changes to the policies are communicated to unitholders in sufficient detail before they invest in the AIF.
- (4) A CIF authorised to provide the portfolio management services provided for in Part I of the First Annex of the Investment Services and Activities and Regulated Markets Law shall not be permitted to invest the whole or part of its client's portfolio to units of the AIF it manages, unless it obtains the prior written consent of the client.
- Remuneration. 16. (1) The Small AIFM shall ensure that the payment or collection of any remuneration or commission or the provision or securing of any non-monetary benefit does not lead to breach of its obligation to act honestly and fairly.
- (2) The Securities and Exchange Commission may, by means of a directive, specify any detail and technical matter regarding the implementation of the provisions of this Article.
- Conflict of interests. 17. (1) The Small AIFM shall take all reasonable steps to identify conflicts of interests that arise in the course of AIF management between:
- (a) on the one hand, the Small AIFM, including the members of the board of directors, the senior management, its employees or any person linked, directly or indirectly, to it by close links and its clients and, on the other hand, the unitholders of one of the AIFs it manages; or
- (b) on the one hand, an AIF it manages or its unitholders and, on the other hand, another AIF it manages or its unitholders; or
- (c) on the one hand, an AIF it manages or its unitholders and, on the other hand, another client of the Small AIFM; or
- (d) the AIFs it manages.

The present English text is for information purposes only and is not legally binding.  
The legally binding document is in the Greek language.

- (2) The Small AIFM shall:
- (a) adopt, maintain and operate organisational and internal administrative arrangements with a view to taking all reasonable steps designed to identify, prevent, manage and monitor conflicts of interests in order to prevent them from adversely affecting the interests of the AIF and its unitholders;
  - (b) segregate, within its operating environment, tasks and responsibilities which may be regarded as incompatible with each other or which may potentially generate systematic conflicts of interests; and
  - (c) assess whether its operating conditions may involve any other material conflicts of interest and disclose them to the unitholders of the AIF.
- (3) Where the organisational and internal administrative arrangements of paragraph (a) of clause (2) are not sufficient to ensure, with reasonable confidence, that risks of damage to unitholder interests shall be prevented, the Small AIFM shall clearly disclose the general nature or sources of conflicts of interest to the unitholders before undertaking business on their behalf, and develop appropriate policies and procedures to overcome those conflicts of interests.
- (4) (a) Where the Small AIFM uses the services of a prime broker for one of the AIFs it manages, the Small AIFM and the prime broker shall enter into a written agreement, which shall-
- (i) define the terms of their cooperation;
  - (ii) provide for any possible transfer and reuse of AIF assets, which shall comply with the provisions of the fund rules or instruments of incorporation or the partnership agreement of the AIF; and
  - (iii) where the appointment of a depositary is required under the legislation governing the AIF, provide that the depositary shall be informed of the contract.
- (b) The Small AIFM shall exercise due skill, care and diligence in the selection and appointment of prime brokers with whom a contract referred to in paragraph (a) is to be concluded.
- (5) The Securities and Exchange Commission may, by means of a directive, specify any detail or technical matter regarding the implementation of the provisions of this Article.
18. (1) Any reference to a Small AIFM in this Article shall not include a Small AIFM of a member state.

Risk  
management.



The present English text is for information purposes only and is not legally binding.  
The legally binding document is in the Greek language.

- (2) (a) The Small AIFM shall functionally and hierarchically separate the functions of risk management from the operating units, including from the functions of portfolio management.
  - (b) The separation provided for in paragraph (a) shall be conducted in accordance with the principle of proportionality, on the understanding that the Small AIFM shall, in any event, be able to demonstrate that it applies specific safeguards against conflicts of interest, which:
    - (i) allow for the independent performance of risk management activities; and
    - (ii) ensure that the risk management process satisfies the requirements of this Article and is consistently effective.
3. (a) The Small AIFM shall implement adequate risk-management systems in order to identify, measure, manage and monitor appropriately all risks relevant to each AIF investment strategy and to which each AIF is or may be exposed.
- (b) The Small AIFM shall review the risk management systems with appropriate frequency at least once (1) a year and adapt them whenever necessary.
- (4) The Small AIFM shall:
  - (a) adopt and implement appropriate, documented and regularly updated due diligence processes when investing, according to the investment strategy, the objectives and risk profile of the AIF;
  - (b) ensure that the risks associated with each investment position of the AIF and their overall effect on the AIF's portfolio can be properly identified, measured, managed and monitored on an ongoing basis, including, inter alia, through the use of appropriate stress testing procedures; and
  - (c) ensure that the risk profile of the AIF shall correspond to the size, portfolio structure, investment strategies and objectives of the AIF, as laid down in the AIF fund rules or instruments of incorporation or in the partnership agreement, its prospectus or offering memorandum and AIF units offering documents.
- (5) The Small AIFM shall for each AIF it manages set a maximum level of leverage, which it may employ on behalf of each AIF, as well as the extent of the right to reuse collateral or guarantee that could be granted under the leveraging arrangement, taking into account, inter alia:
  - (a) the type of the AIF;

- (b) the investment strategy of the AIF;
  - (c) the sources of leverage of the AIF;
  - (d) any other interlinkage or relevant relationships with other financial services institutions, which could pose systemic risk;
  - (e) the need to limit the exposure to any single counterparty;
  - (f) the extent to which the leverage is collateralised;
  - (g) the asset-liability ratio; and
  - (h) the scale, nature and extent of the activity of the Small AIFM on the markets concerned.
- (6) The Securities and Exchange Commission may, by means of a directive, specify any detail or technical matter relating to the implementation of the provisions of this Article.
- Liquidity management. 19. (1) The Small AIFM shall, for each AIF that it manages, employ an appropriate liquidity management system and adopt procedures which enable it to monitor the liquidity risk of the AIF and to ensure that the liquidity profile of the investments of the AIF complies with its underlying obligations.
- (2) The Small AIFM shall ensure that, for each AIF that it manages, the investment strategy, the liquidity profile and the redemption policy are consistent.
- (3) The Securities and Exchange Commission may, by means of a directive, specify any detail or technical matter relating to the implementation of the provisions of this Article.

#### Chapter 2: Marketing of units

- Rules for the marketing of AIF units. 20. (1) (a) The Small AIFM may market the units of the AIFs, referred to in clauses (2) and (3) of Article 3, to professional and/or well-informed investors in the Republic;
- (b) In case of marketing the AIF units provided for in paragraph (b) of clause (2) of Article 3, the Small AIFM and the CIF shall provide written confirmation to the Securities and Exchange Commission that the marketing of AIF units, in the Republic, is permitted under the legislation of the home state of the AIF;
- (c) A Small AIFM of the Republic may market the units of the AIF it manages to retail investors in the Republic, provided the AIF was granted

**The present English text is for information purposes only and is not legally binding.  
The legally binding document is in the Greek language.**

authorisation under the provisions of Article 13 of the Alternative Investment Funds Law.

- (2) A Small AIFM of the Republic may market the units of the AIF it manages to professional investors and/or well-informed investors of a member state other than the Republic, upon prior notification of its intention to the Securities and Exchange Commission, by submitting the following:
  - (a) information confirming that the marketing of AIF units by the Small AIFM of the Republic is permitted by the legislation of the said member state; and
  - (b) information on the arrangements for the marketing of AIF units in the said member state, including the way in which the Small AIFM complies with the provisions of the legislation of the member state.
- (3) A Small AIFM of the Republic may market the units of the AIF it manages to professional investors and/or well-informed investors of a third country, upon prior notification of its intention to the Securities and Exchange Commission, by submitting the following:
  - (a) information confirming that the marketing of AIF units by the Small AIFM of the Republic is permitted by the legislation of the third country; and
  - (b) information on the arrangements for the marketing of AIF units in the said third country, including the way in which the Small AIFM complies with the provisions of the legislation of the third country.
- (4) A Small AIFM of a member state shall be permitted to market the units of the AIF it manages, which have been established and operating in a member state other than the Republic or in a third country, to professional and/or well-informed investors in the Republic, upon obtaining the approval of the Securities and Exchange Commission, following the submission of a relevant application.
- (5) A Small AIFM of a member state shall be permitted to market the units of the AIF it manages to retail investors in the Republic, provided the AIF has been authorised under the provisions of Article 13 of the Alternative Investments Funds Law.
- (6) The Securities and Exchange Commission may, by means of a directive, set out:
  - (a) specific rules with which the Small AIFM shall comply when marketing units of the AIFs it manages;
  - (b) the type and content of the notification provided for in clauses (2) and (3) and specify the information and data accompanying it; and

The present English text is for information purposes only and is not legally binding.  
The legally binding document is in the Greek language.

- (c) specific rules with which the Small AIFM of a member state shall comply when marketing units as provided for in clause (5), including the type and content of the application and the information provided therein of the procedure for the approval required by the Securities and Exchange Commission, as well as the cases of withdrawal or suspension of the authorisation granted.

### Chapter 3: Organisational requirements

Internal procedures and organisational requirements.

- 21. (1) The Small AIFM of the Republic and the CIF shall, taking into account the nature of the AIFs they manage, have in place:
  - (a) sound administrative and accounting procedures, as well as control and safeguard arrangements for electronic data processing;
  - (b) sound internal control mechanisms, including rules for personal transactions by its employees or for the holding or management of investments in order to invest on their own account and ensuring, at least, that:
    - (i) each transaction involving the AIFs they manage may be reconstructed according to its origin, the parties to it, its nature, and the time and place at which it was effected; and
    - (ii) the assets of the AIFs they manage are invested in accordance with the AIF fund rules or instruments of incorporation or partnership agreement of the AIF, as well as the relevant legislation governing the AIF;
  - (c) appropriate structure and organisation, in order to reduce the risk of loss of the interests of AIFs and/or its unitholders by conflicts of interests;
  - (d) appropriate procedures, in order to ensure the due settlement of the complaints of unitholders of the AIF under management; and
  - (e) appropriate risk management system and appropriate liquidity management system.
- (2) Further to the provisions in clause (1), the Small AIFM of the Republic, taking into account the nature of the AIFs it manages, shall-
  - (a) establish and maintain an internal audit function which is independent from its other functions and activities, depending on the range, nature, scale and complexity of the Small AIFM's activity; the internal audit function may be performed by a person performing other functions of the Small AIFM, if this does not affect its

independence, and in case the internal audit function is delegated to a third party, all requirements provided for in Articles 23 to 25 are met; and

(b) establish and maintain internally a legal compliance function, which is independent from its other functions and activities, depending on the range, nature, scale and complexity of the Small AIFM's activity; the legal compliance function may be performed by a person performing other functions of the Small AIFM, if this does not affect its independence.

(3) Further to the provisions of clause (1), the CIF, taking into account the nature of the AIF it manages, shall establish and maintain the functions of internal audit and legal compliance, which, provided it is justified by the range, nature, scale and complexity of its activity, shall be independent from its other functions and activities, which are not related to the said functions.

(4) The Securities and Exchange Commission may, by means of a directive, set any details on the implementation of the provisions of this Article.

Valuation of AIF assets.

22. (1) The Small AIFM shall ensure that appropriate and consistent procedures are established so that a proper and independent valuation of the assets of the AIFs it manages can be performed.

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

(a) in the relevant home state legislation governing the AIF, in case the AIF has the legal form of an investment company or a limited partnership, provided this is not in conflict with the provisions of this Law and the AIF's instruments of incorporation or partnership agreement; or

(b) in case the AIF has the legal form of a common fund, in its fund rules.

(3) The Small AIFM shall ensure that the net asset value per unit of the AIF shall be calculated and disclosed to its unitholders in accordance with the provisions of this Article, the applicable national law of the state in which the AIF is established and the AIF fund rules or instruments of incorporation or the partnership agreement of the AIF; the asset valuation procedures used shall ensure that the AIF's assets are valued and the net asset value per unit is calculated, at least once a year.

(4) Further to the provisions in clause (3), valuations and calculations shall be performed:

(a) on the dates on which the marketing, redemption and/or repurchase of AIF units takes place; and

The present English text is for information purposes only and is not legally binding.  
The legally binding document is in the Greek language.

- (b) on the dates stated in the annual and half-yearly reports of the AIF, respectively, as the reference dates for the listed items.
- (5) The Small AIFM shall ensure that the valuation function is performed by:
  - (a) an external valuer, being a legal or natural person independent from the Small AIFM or any other person with close links to the Small AIFM; or
  - (b) the Small AIFM itself, provided that the valuation task is functionally independent from the portfolio management and on condition that the remuneration policy and other measures adopted and implemented by the Small AIFM, ensure that conflicts of interest are mitigated and that undue influence upon its employees is prevented.
- (6) Where it is required to appoint a depositary under the legislation governing the AIF, the depositary for the AIF shall not be appointed as external valuer of the AIF unless:
  - (a) it has separated the performance of its depositary functions from its tasks as external valuer; and
  - (b) the potential conflicts of interest are properly managed, monitored and disclosed to the unitholders of the AIF.
- (7) Where an external valuer performs the valuation function, the Small AIFM shall ensure that:
  - (a) the external valuer is subject to mandatory professional registration recognised by the legislation or rules of professional conduct; and
  - (b) the external valuer can provide sufficient professional guarantees to be able to effectively perform the relevant valuation function in accordance with the provisions of clauses (1) to (4).
- (8) The appointed external valuer shall not delegate the valuation function to a third party.
- (9) The valuation shall be performed impartially and with all due skill, care and diligence.
- (10) (a) The Small AIFM shall be liable to the AIF and its unitholders, for the proper valuation of AIF assets, the calculation of the AIF net asset value and the publication of that net asset value to the unitholders of the AIF, irrespective of whether the Small AIFM has appointed an external valuer or not.

The present English text is for information purposes only and is not legally binding.  
The legally binding document is in the Greek language.

- (b) Notwithstanding the provisions of paragraph (a) and irrespective of any contractual arrangements providing otherwise, the external valuer shall be liable to the Small AIFM for any losses suffered by the Small AIFM as a result of the external valuer's negligence when valuing assets or intentional failure to perform its tasks.

#### Chapter 4: Delegation of functions

Conditions for delegation of functions.

- 23. (1) Any reference to a Small AIFM in this Article shall not include a Small AIFM of a member state.
- (2) The Small AIFM may delegate to third parties the task of performing one or more functions on its behalf, only when the following conditions are met:
  - (a) the Small AIFM shall inform the Securities and Exchange Commission in writing of the delegation, before it becomes effective;
  - (b) the delegation must not prevent the effectiveness of supervision of the Small AIFM, and, in particular, must not prevent the Small AIFM from acting, or the AIF from being managed, in the best interests of its unitholders; and
  - (c) the Small AIFM shall not delegate its functions to the extent that, in essence, it can no longer be considered to be the manager of the AIF or to the extent that it becomes a letter-box entity.
- (3) Where the delegation concerns portfolio management or risk management functions, the Small AIFM may delegate to a third party the tasks of performing functions on its behalf, only when, further to the provisions of clause (2)-
  - (a) the delegation is conferred on an undertaking which has either been authorised or registered for the purpose of asset management pursuant to Article 78 of Regulation (EU) 231/2013, or has been previously approved to undertake the management by the Securities and Exchange Commission; or
  - (b) where the third party is an undertaking from a third country, the cooperation between the competent supervisory authority of the undertaking and the Securities and Exchange Commission must be ensured.
- (4) The delegation provided for in clause (3) shall not be carried out:
  - (a) to a depositary of the AIF or a third party to which the depositary has delegated its functions, if it is required to appoint a depositary under the legislation governing the AIF; or

The present English text is for information purposes only and is not legally binding.  
The legally binding document is in the Greek language.

(b) to any other person or body whose interests may be in conflict with those of the Small AIFM or the unitholders of the AIF, unless this person has functionally and hierarchically separated the performance of its portfolio management or risk management tasks from its other potentially conflicting tasks, and the potential conflicts of interests are properly identified, managed, monitored and disclosed to the investors of the AIF.

(5) Notwithstanding the provisions of clauses (2) to (4), for the delegation of functions relating to the AIF's assets, which are not financial instruments, the Small AIFM may delegate the performance of such functions to any person which may perform the delegated function within the context of its professional or business activities, whose performance is subject to professional registration recognized by the legislation or a competent administrative authority or by professional conduct rules and is able to effectively provide adequate financial and professional guarantees, to effectively perform the delegated functions and to fulfil any obligations arising out of such functions:

It is provided that the liability of the Small AIFM shall not be affected by the fact that it has delegated functions to a third party, or by any further sub-delegation pursuant to the provisions of Article 24.

(6) The Securities and Exchange Commission may, by means of a directive, regulate the details for the implementation of the provisions of this Article.

Sub-delegation of functions by a third party.

24. (1) Any reference to a Small AIFM in this Article shall not include a Small AIFM of a member state.

(2) A third party, to which functions are delegated pursuant to the provisions of Article 23, may sub-delegate any of the functions delegated to it, to another person, provided that the following conditions are met:

(a) the Small AIFM expressly gives its consent prior to the sub-delegation;

(b) the Small AIFM notifies the Securities and Exchange Commission of the sub-delegation before it becomes effective; and

(c) the conditions set out in clauses (2) and (4) of Article 23, are met mutatis mutandis regarding sub-delegations.

(3) A person to whom functions are delegated by a third party pursuant to the provisions of clause (2), may sub-delegate further the functions undertaken to execute, provided that the conditions provided for in clause (2) are met mutatis mutandis.

Liability of a sAIFM in case of

25. (1) Any reference to a Small AIFM in this Article shall not include a Small AIFM of a member state.



delegation of  
functions.

- (2) The liability of a Small AIFM towards the AIF and its unitholders shall not be affected by the fact that the Small AIFM has delegated functions to a third party, nor by any further sub-delegation by the third party to another person.

#### Chapter 5: Other conditions

Organisational  
structure and  
own funds of  
CIF.

26. (1) The CIF shall ensure that the senior management and members of its board of directors involved in the performance of AIF management functions meet the following conditions:
- (a) they have sufficient knowledge, skills and experience in order to be in a position to understand the manager's activities and especially the risks related to the said activities and assets in which the AIF invests;
  - (b) they spend adequate time for the appropriate performance of their tasks in the CIF, which acts as external manager; and
  - (c) they act with honesty, integrity and independence of mind.
- (2) The CIF's own funds shall be formed taking also into account the portfolio value of the AIFs under management.
- (3) The Securities and Exchange Commission may, by means of a directive, regulate details for the implementation of the provisions of this Article and set out the organisational requirements and the method of calculation of the CIF's own funds.

#### PART IV

#### KEEPING AND PUBLICATION OF REGISTER

Keeping and  
publication of  
Register.

27. (1) The Securities and Exchange Commission shall establish and maintain a Register which shall be freely accessible by the public, in which the following shall be registered:
- (a) the Small AIFMs of the Republic, which shall bear the indication "MM" before the number of the authorisation granted; and
  - (b) the CIFs which have received permission by the Securities and Exchange Commission to perform AIF management functions under the provisions of paragraph (b) of clause (5) of Article 5 of the Investment Services and Activities and Regulated Markets Law, which shall bear the number of the authorisation granted by the Securities and Exchange Commission under the Investment Services and Activities and Regulated Markets Law.

The present English text is for information purposes only and is not legally binding.  
The legally binding document is in the Greek language.

- (2) When registering the persons referred to in clause (1) to the Register, the Securities and Exchange Commission shall enter their name, the number of the authorisation granted pursuant to the provisions of clause (1) and any other information, which the Securities and Exchange Commission may deem necessary.
- (3) The Securities and Exchange Commission shall ensure that the Register is kept up to date.
- (4) The Securities and Exchange Commission shall publish the Register through a publication on its website and/or in any manner it may decide.

PART V  
SUPERVISION AND SANCTIONS

Competent supervisory authority and powers.

28. (1) The Securities and Exchange Commission is designated as the competent authority to ensure the supervision and implementation of the provisions of this Law, as well as to impose administrative sanctions and/or other measures in case of breach of the provisions of this Law.
- (2) The Securities and Exchange Commission shall exercise its powers:
  - (a) directly; and/or
  - (b) in cooperation with other authorities or persons; and/or
  - (c) under its responsibility, with the delegation of responsibilities to other authorities or any other persons; and/or
  - (d) upon an application thereof to the competent judicial authorities, provided the legislation provides so.
- (3) The Securities and Exchange Commission shall address administrative sanctions either ex officio or following a complaint submitted thereto.
- (4) The provisions of the Cyprus Securities and Exchange Commission Law regulating the supervisory authority of the Securities and Exchange Commission, its power to collect information, to conduct investigations and inspections, to impose sanctions, to cooperate with competent authorities in the Republic and abroad as well as all its competences, powers, responsibilities and duties under the said law shall apply, for purposes of implementation and supervision of this Law, mutatis mutandis.
- (5) Further to the provisions of clause (2), the Securities and Exchange Commission shall have the following powers:
  - (a) to gain access to any document or other information in any form and to receive or take a copy thereof;

- (b) to require or request information from any person and, if necessary, to summon and question any person with regard to obtaining information;
  - (c) to require all existing telephone and data traffic records;
  - (d) to require the immediate cessation of any practice that is contrary to the provisions of the Law;
  - (e) to require by an application to the competent court, the freezing and/or sequestration of assets;
  - (f) in case it finds that a person acts by breach of the provisions of this Law, to impose to such person temporary prohibition from the practice of a professional activity which the Securities and Exchange Commission supervises under the provisions of this Law, for a period not exceeding five (5) days, with the possibility to extend the prohibition for one or more times with a duration up to five (5) days, for termination of the breach; the person that is subject to the prohibition shall proceed, at the time of the prohibition, to all appropriate actions to lift the reasons for which this was imposed and the Securities and Exchange Commission may, if it is satisfied that the reasons for which the prohibition was imposed ceased to exist prior to the expiration of the prohibition period, allow the exercise of professional activity prior to the time of expiration of the prohibition period;
  - (g) to take all measures ensuring the compliance of supervised persons with the provisions of this Law; and
  - (h) to require the suspension of the issue, marketing, redemption or repurchase of AIF units, when this is in the interest of the unitholders of the AIF or the investors in general.
- (6) In examining any of the applications, notifications or communications it has before it, the Securities and Exchange Commission may request orally or in writing the submission of any data and information.
- (7) Notwithstanding the provisions of any other law, a person to whom a request by the Securities and Exchange Commission is addressed for collection of information, conduct of inspection or investigation, shall be obliged to immediately comply therewith and timely, fully and accurately provide the information required.
- (8) Notwithstanding the provisions of any other law, in case of refusal of access to information, records, books, accounts, documents or data stored in computers during the conduct of an investigation or inspection by the Securities and

The present English text is for information purposes only and is not legally binding.  
The legally binding document is in the Greek language.

Exchange Commission, the Securities and Exchange Commission may proceed to immediate confiscation of the relevant information, records, books, accounts and other documents and data, as well as electronic data storing and transfer medium.

It is provided that the Securities and Exchange Commission shall return the confiscated items to their holder once the purpose for which they were confiscated is completed and in any case within forty-five (45) days from the date of confiscation.

Reporting of breaches.

29. (1) The Securities and Exchange Commission shall establish effective mechanisms and enact regulations, which enable the reporting to it of potential or actual breaches of the provisions of the Law.
- (2) (a) The mechanisms provided for in clause (1) shall include at least the following:
- (i) specific procedures for the receipt of reports for potential or actual breaches and their monitoring, including the creation of safe communication channels relating to the reports;
  - (ii) appropriate protection for members of the board of directors, the senior management, employees or other persons reporting breaches committed within the Small AIFM, at least against retaliation, discrimination or other forms of unfair treatment;
  - (iii) arrangements for the protection of the identity of the person reporting the breaches and of the natural person who is allegedly responsible for the breach, at all stages of the procedures, unless this publication is expressly required by the regulations enacted by the Securities and Exchange Commission.
- (3) The Small AIFM of the Republic and the CIF shall have the appropriate procedures in place in order for their employees to be able to internally report potential or actual breaches through a specific, independent and autonomous channel.

Fees, charges and annual contributions.

30. (1) The Securities and Exchange Commission may, by means of a directive, determine the fees, charges and annual contributions paid by supervised persons, specify the applications and/or notifications for which fees and charges become due under the provisions of this Law and, generally, set out any matter relating to the prescribed fees, charges and annual contributions.
- (2) The fees, charges and annual contributions paid under the provisions of this Article shall constitute revenue of the Securities and Exchange Commission and in case of failure to pay them, further to any other measures set out in this Law, additional judicial measures shall be taken to collect them and the amount due shall be collected as civil debt.

- Administrative measures.
31. (1) In case a person breaches the provisions of this Law and irrespective of any criminal liability, the Securities and Exchange Commission may, by weighting at its absolute discretion the gravity of the breach, impose an administrative fine or other administrative measures or sanctions, including:
- (a) a public statement naming the person responsible and determining the nature of the breach;
  - (b) an order to the person responsible to terminate the breach and avoid repeating it in the future;
  - (c) suspension of the Small AIFM's authorisation;
  - (d) withdrawal, pursuant to the provisions of clause (3) of Article 12, of the Small AIFM's authorisation;
  - (e) imposition to a member of the board of directors of the Small AIFM or to any other responsible natural person of temporary prohibition or in case of repeated serious breaches, of permanent prohibition from performing management functions to Small AIFMs or to other companies performing investment management functions.
  - (f) an administrative fine, which does not exceed three hundred and fifty thousand Euro (€350 000) and in case of repetition of the breach seven hundred thousand Euro (€700 000) depending on the gravity of the breach.
- (2) In case it is proved that the person referred to in clause (1) has benefited from the breach or allowed some other person to benefit therefrom and the benefit exceeds the amount of the administrative fine set out in clause (1), the Securities and Exchange Commission may, notwithstanding any criminal liability of the person, impose an administrative fine of up to twice the amount of the benefit which the person has been proven to have benefited from or allowed such other person to benefit from when committing the breach.
- (3) Notwithstanding the provisions of clauses (1) and (2), where the Securities and Exchange Commission establishes a breach of the provisions of this Law, it may impose an administrative fine to:
- (a) a legal person; and/or
  - (b) a director, a senior manager or other officer or employee of a legal person, in case it is established that the breach of the legal person was due to his fault, wilful omission or negligence.
- (4) Before imposing an administrative fine or an administrative measure under the provisions of this Article, the Securities and Exchange Commission shall notify

The present English text is for information purposes only and is not legally binding.  
The legally binding document is in the Greek language.

the affected person of its intention, giving the reasons for which it intends to act in this way and giving him the right to be heard, in accordance with the provisions of Article 38 of the Cyprus Securities and Exchange Commission Law.

- (5) The Securities and Exchange Commission may publicly announce any measures or sanctions imposed in case of breach of the provisions of this Law.
- (6) An administrative fine imposed by the Securities and Exchange Commission pursuant to the provisions of this Law shall constitute revenue of the Consolidated Fund of the Republic.
- (7) In case the administrative fine imposed by the Securities and Exchange Commission is not paid, judicial measures shall be taken for its collection pursuant to the provisions of the Cyprus Securities and Exchange Commission Law.

Criminal offences.

32. (1) A person who breaches the provisions of Article 14 shall commit an offence punishable, upon conviction, by a term of imprisonment not exceeding five (5) years or by a fine not exceeding three hundred and fifty thousand Euro (€350 000) or/and by both penalties.
- (2) A person who performs management functions without having the necessary authorisation or permission shall commit an offence punishable, upon conviction, by a term of imprisonment not exceeding five (5) years or by a fine not exceeding three hundred and fifty thousand Euro (€350 000) or/and by both penalties.
- (3) Where the offence provided for in this Article is committed by a legal person, any member of the board of directors, senior management or officer or employee or associate of the legal person who shall be established to have consented to or committed the breach shall also be held criminally liable.
- (4) A person who, pursuant to the provisions of clause (3), is criminally liable for the offences committed by a legal person, shall be jointly and wholly liable with the legal person for all damages caused to a third party as a result of the act or the omission, which constitutes the offence.

PART VI  
FINAL AND TRANSITIONAL PROVISIONS

Issue and implementation of directives.

33. (1) Without prejudice to the other provisions of this Law providing for the issue of directives, the Securities and Exchange Commission may issue directives for the fullest possible implementation of the provisions of this Law.
- (2) The implementation of the directives issued under the provisions of this Law shall be mandatory for the persons to whom they are addressed.

**The present English text is for information purposes only and is not legally binding.  
The legally binding document is in the Greek language.**

- Transitional provisions.  
144(I) of 2007  
106(I) of 2009  
141(I) of 2012  
154(I) of 2012  
193(I) of 2014  
8(I) of 2016.  
87(I) of 2017  
44(I) of 2020.
34. (1) A CIF which, prior to the entry into force of this Law was granted authorisation by the Securities and Exchange Commission under the provisions of the Investment Services and Activities and Regulated Markets Laws of 2007 to 2016 or the Investment Services and Activities and Regulated Markets Laws of 2017 to 2020 for the provision of management functions to AIFs, shall be deemed to be a Small AIFM provided for in paragraph (c) of clause (1) of Article 3 and may continue to provide the said function, provided it complies within a period of nine (9) months from the date of entry into force of the Law with the provisions thereof.
- (2) A CIF provided for in clause (1) shall notify, prior to the expiry of the period of nine (9) months, the Securities and Exchange Commission of the compliance measures it took or it intends to take and submit a written confirmation by the members of its board of directors for its compliance with the relevant provisions of the Law.
- (3) In case of non-compliance with the above within the set deadline, the CIF may not perform management functions pursuant to the provisions of the Law.