G.G. Annex I(I)
No. 4669, 30.07.2018 **124(I)/2018**

LAW WHICH PROVIDES FOR THE ALTERNATIVE INVESTMENT FUNDS AND OTHER RELATED MATTERS

ORDER OF SECTIONS

PART I
INTRODUCTORY PROVISIONS

1. Short title.
2. Interpretations.
3. Scope of application of this Law.

PART II
PROVISIONS REGARDING THE ALTERNATIVE INVESTMENT FUNDS

Chapter 1: General characteristics and distinctions of AIFs

4. AIF legal forms and use of the AIF designation.
5. Conversion of AIF.
6. AIF management.
7. Open-ended or closed-ended AIF.
8. Listing of AIF units in a secondary market.
9. Umbrella AIF.
10. Conversion of AIF to umbrella AIF and vice versa.
11. Possibility of conversion of an AIF's legal form.

Chapter 2: Authorisation of an AIF

12. Submission of application for authorisation of an AIF and amendments to the data submitted.
13. Granting AIF authorisation.

Chapter 3: Common provisions regarding the organisation and operation of AIFs

14. Retention of minimum assets.
15. Investment policy.
16. Risk management.
17. Conflicts of interest.
18. Liquidity management.
19. Remuneration policies.
20. Valuation.
21. Management and conduct of business.
22. AIF transactions.

Chapter 4: AIF administration

23. Delegation of administration function

Chapter 5: AIF external manager

24. Organisation and operations of the external manager.
25. Resignation and replacement of the external manager.

Chapter 6: AIF depositary

26. Appointment of AIF Depositary.
27. Depositary tasks and obligations.
28. Delegation of depositary tasks.
29. Specific tasks of the depositary.
30. Depositary liability.
31. Independence between the depositary and the external manager of the AIF.
32. Resignation of the depositary.
33. Replacement of the depositary.
34. Termination of the appointment of the depositary.

Chapter 7: Subscriptions and redemptions of AIF units

35. AIF units.
36. Rules for the marketing of AIF units.
37. Issue of free-of-charge AIF units.
38. Disclosure to investors regarding the net asset value and the subscription or redemption price of AIF units.
39. Marketing of AIF units to professional investors in the Republic.
40. Marketing of AIF units to retail and well informed investors in the Republic.
41. Marketing of AIF units to another member state or third country.
42. Redemption or repurchase of AIF units.
43. Suspension of the redemption or repurchase of AIF units.
44. Prohibition of issuance, redemption and repurchase of AIF units.

Chapter 8: Special provisions

Part 1 - Common fund

45. General provisions regarding a common fund.
46. Unitholders' Register of the common fund.
47. Joint unitholders of the common fund.
48. Confirmation of participation into a common fund.
49. Transfer of common fund units.
50. Pledge of common fund units.
51. Common fund rules.
52. Dissolution and liquidation of the common fund.
53. Withdrawal of common fund authorisation.

Part 2 - Fixed or variable capital investment companies

54. General provisions regarding an investment company.
55. Application of the provisions of the Company Law and special Company Law arrangements.
56. Investment company set up as internally managed AIF.
57. Operating conditions.
58. Name, designation, capital and shares.
59. Content of instruments of incorporation of an investment company.

60. Amendments to the instruments of incorporation of an investment company.
61. Changes in the persons who effectively direct the business of an investment company.
62. Reduction of assets or initial capital of an investment company.
63. Dissolution and liquidation of an investment company.
64. Withdrawal of authorisation of an investment company.

Part 3 - Limited Partnerships

65. General provisions regarding the limited partnership.
66. Limited partnership set up as internally managed AIF.
67. General partner of an AIF.
68. Limited partners.
69. Partnership agreement.
70. Amendment of the partnership agreement.
71. Unitholders' register, joint unitholders, and confirmation of participation.
72. Transfer of limited partnership units.
73. Pledge of limited partnership units.
74. Dissolution and liquidation of a limited partnership.
75. Withdrawal of authorisation of a limited partnership.

Chapter 9: Obligations regarding disclosures to investors

76. Offering document, half-yearly report, annual report, annual financial statements and financial year of the AIF.
77. Half-yearly report of the AIF.
78. Annual report of the AIF.
79. Offering document of the AIF.
80. Right to receive documents.
81. Audit of the annual financial statements and of the annual report of the AIF.
82. AIF publication expenses.
83. AIF marketing communications.

Chapter 10: Mergers

84. Possibility of mergers between AIFs.
85. Types of mergers.
86. Authorisation for the merger.
87. Decision regarding the merger.
88. Terms of the merger.
89. Verification of the merger by the depositary.
90. Assignment to an independent auditor.
91. Disclosures to and rights of unitholders.
92. Right to redeem, repurchase or convert units.
93. Expenses relating to the merger.
94. Effective date of the merger.
95. Effects of the merger.
96. Tax provisions regarding AIF mergers.
97. Enabling provisions.

PART III
MARKETING OF UNITS OF AIFs
FROM ANOTHER MEMBER STATE OR THIRD COUNTRY

INTO THE REPUBLIC

98. Marketing of units of AIFs established in another member state or third country and which fall within the scope of the Alternative Investment Funds Managers Law, in the Republic.
99. Marketing of units of AIFs established in another member state or third country and which do not fall within the scope of the Alternative Investment Funds Managers Law, in the Republic.
100. Common provisions regarding AIFs of sections 98 and 99.

PART IV
LISTED AIFs

101. Listing of AIF units in a secondary market, for trading.
102. Conditions for the listing of AIF units in a secondary market, for trading.
103. Marketing of listed AIF units.
104. Listing of units of AIFs, which are established in another member state or third country, in a secondary market operating in the Republic
105. Asset value, price of units and relevant matters.
106. Special rules for AIF units' pricing.
107. Comparing performance against the benchmarks index.
108. Cooperation between the Securities and Exchange Commission and other countries' competent authorities.
109. Enabling provision.

PART V
SUPERVISION AND PENALTIES

Chapter 1: Supervision of AIFs

110. Competences of the Securities and Exchange Commission.
111. Powers of the Securities and Exchange Commission.
112. Supplementary provisions.
113. Power to issue directives.
114. Professional secrecy and cooperation with other countries' competent authorities and organisations.
115. Obligation to submit publications and information regarding the AIF.
116. Submission of information regarding the AIF.
117. AIFs' register.
118. Fees and annual contributions.
119. Justification of the decisions.

Chapter 2: Criminal Provisions and Administrative Penalties

120. Administrative penalties.
121. Criminal offences.

PART VI
TRANSFER OF AN AIF FROM AND TO THE REPUBLIC

122. Transfer of an AIF, established under statute, to and from the Republic.
123. Transfer of an AIF, established under the law of contract, to and from the Republic.

PART VII
ALTERNATIVE INVESTMENT FUNDS WITH LIMITED NUMBER OF PERSONS

124. AIFLNP legal forms, use of designation and characteristics.
125. Externally and internally managed AIFLNP.
126. Granting AIFLNP authorisation.
127. Marketing of AIFLNP units.
128. Depositary.
129. Minimum level of assets and initial capital.
130. Reduction of assets or capital of an investment company.
131. Management and conduct of business.
132. Dissolution and liquidation of AIFLNP.
133. Withdrawal of AIFLNP authorisation.

PART VIII
REGISTERED ALTERNATIVE INVESTMENT FUNDS

Chapter 1: Establishment of RAIFs

134. Operation of RAIFs.
135. External manager and depositary of a RAIF.
136. Minimum level of assets of a RAIF.
137. RAIF units.
138. Registration in the RAIFs' register and deletion from it.

Chapter 2: RAIF Operation

139. Disclosure requirements.
140. Marketing of RAIF units.
141. Mergers between RAIFs
142. Enabling provisions.

PART IX
TAX PROVISIONS

143. Tax provisions.

PART X
FINAL AND TRANSITIONAL PROVISIONS

144. Transitional provisions.
145. Continuation of operation of AIFs and AIFLNPs.
146. Repeal of Laws.

LAW WHICH PROVIDES FOR THE ALTERNATIVE INVESTMENT FUNDS AND OTHER RELATED MATTERS

PART I: INTRODUCTORY PROVISIONS

Short title.

1. This Law shall be cited as the Alternative Investment Funds Law of 2018.

Interpretations.

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

"**common fund**" means a group of assets that belong jointly and severally to its unitholders, which is authorised to operate as an AIF under Chapter 2 of Part II or can operate as a RAIF under Part VIII·

"**senior management**" means the natural persons who effectively conduct the business of the external manager or of the AIF, in case the AIF is internally managed, and, as the case may be, the executive members of the governing body who effectively conduct the business of the external manager or of the AIF, in case the AIF is internally managed·

"**initial capital**" means the minimum own funds which -
(a) are required by this Law· and
(b) shall be comprised of -
(i) the issued and paid up capital of share classes not created for investment purposes, plus share premium accounts but excluding cumulative preferential shares· and
(ii) reserves of share classes not created for investment purposes, excluding revaluation reserves, and profits and losses of share classes not created for investment purposes, brought forward as a result of the application of the final profits and losses of the previous year· and
(c) are cash or assets readily convertible to cash·

"**prime broker**" means any of the following:
(a) a credit institution,
(b) an investment firm,
(c) other 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) may also provide other services such as clearing and settlement of trades, custodial services, securities lending, customised technology and operational support facilities·

"**secondary market**" has the meaning attributed to the terms

87(I)/2017.

"regulated market" and "multilateral trading facility" by article 2(1) of the Investment Services and Activities and Regulated Markets Law and includes, in the case of a regulated market, the part of the market which is an independent regulated market·

"**marketing**" or "**marketing of units**" means a direct or indirect offering or placement at the initiative of the external manager or on behalf of the external manager, of units of an AIF it manages, to investors -
(a) domiciled in the European Union or in a third country, in case they are natural persons· or
(b) having their corporate seat or with a registered office in the European Union or in a third country, in case they are legal persons·

"**distribution**" means the payments by an AIF to its unitholder, excluding the payments which relate to the redemption or repurchase of units·

"**traded AIF units**" means the units or the category of units of a traded AIF, which have been listed on a secondary market for trading·

"**traded AIF**" means an AIF, either open or closed ended, the units of which have been listed on a secondary market for trading·

Cap.113
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
129(I) of 2005
130(I) of 2005
98(I) of 2006

"**International Financial Reporting Standards**" has the meaning attributed to this term by article 2(1) of the Companies Law·

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 2011
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
75(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
33(I) of 2017
51(I) of 2017
37(I) of 2018
83(I) of 2018.

"**governing body**" means the body -
(a) with ultimate decision making authority in an external manager or the AIF, in case the AIF is internally managed, comprising the supervisory and/or the managerial functions· and
(b) which is, as the case may be, the board of directors in a company or the general partner in a limited partnership·

"**AIFM**" means AIFM of the Republic or EU AIFM or non-EU AIFM·

"**non-EU AIFM**" has the meaning attributed to this term by article 2(1) of the Alternative Investment Fund Managers Law·

56(I) of 2013
8(I) of 2015
97(I) of 2015

"**AIFM which is an internally managed AIF**" means an internally managed AIF which is an AIFM of the Republic·

"**AIFM of the Republic**" has the meaning attributed to this term by article 2(1) of the Alternative Investment Fund Managers Law·

"**EU AIFM**" has the meaning attributed to this term by article 2(1) of the Alternative Investment Fund Managers Law·

"**registered office**" means -
(a) in relation to a company, the registered office referred to in article 102 of the Companies Law·
(b) in relation to overseas company, the address referred to in article 347(1)(d) of the Companies Law·
(c) in relation to a limited partnership, the principal place of business referred to in article 51(1)(c) of the General and Limited Partnerships and Business Names Law·

Cap. 116
77(I) of 1977
54(I) of 2011
146(I) of 2011
147(I) of 2014
144(I) of 2015
95(I) of 2016.

"**qualifying holding**" means the direct or indirect holding in a company, or the direct or indirect holding or interest in a limited partnership, which -
(a) represents at least ten per cent (10%) of the capital or the voting rights· or
(b) makes it possible to exercise a significant influence over the management of the company, in which that holding subsists, or of the limited partnership, in which that holding or interest subsists·

"**auditor**" has the meaning attributed to the term "statutory auditor" by article 2(1) of the Auditors Law·

53(I) of 2017
171(I) of 2017
7(I) of 2018.

"**indicative Net Asset Value (iNAV) of the AIF**" means the intra-day, interim value, representing the net asset value of the AIF, based on the most recent, at the time of valuation, information and in accordance with the rules of the secondary market, where the units of the AIF are traded·

"**indicative price of traded AIF units**" means the intra-day, interim value, representing the price of the AIF's units, based on the most recent, at the time of valuation, information and in accordance with the rules of the secondary market, where the units of the AIF are traded·

"**consolidated financial statements**" has the meaning attributed to the term "group accounts" by article 2(1) of the

Companies Law·

"**externally managed AIF**" means an AIF authorised to operate subject to the provisions of Chapter 2 of Part II·

"**externally managed AIFLNP**" means an AIFLNP authorised to operate subject to the provisions of Part VII·

"**external manager**" mean a person appointed to manage the investments of an AIF or RAIF or AIFLNP, including the AIF which is an internally managed AIF and the AIFLNP which is an internally managed AIFLNP·

"**FATF**" means the Financial Action Task Force for the Combat against Money Laundering and Terrorist Financing, which was established by the 15th G-7 Summit that was held in Paris on the 14th to 16th of July 1989·

"**professional investor**" means an investor who is considered to be a professional client or may, on request, be treated as a professional client within the meaning of the Second Appendix of the Investment Services and Activities and Regulated Markets Law·

"**well informed investor**" means every investor who is not a professional investor, but fulfils the following criteria:
(a) the investor confirms in writing -
(i) that he has sufficient knowledge and experience in financial and business matters to evaluate the merits and risks associated with the prospective investment and that he is aware of the risks associated with the prospective investment· or
(ii) that his business activity is related to the management, acquisition or sale of assets, either on the investor's own account or on behalf of third parties, and are of the same type as the investments of the AIF· and
(b) (i) invests at least €125.000 in the AIF· or
(ii) has been assessed by a credit institution, an AIFM, a UCITS Management Company, an IF or an external manager of AIFs authorised in the Republic or another Member State for the management of AIFs whose assets do not exceed the limits provided for in article 4(2) of the Alternative Investment Fund Managers Law or the corresponding article 3(2) of Directive 2011/61/EU, and the above assessment shows that he has the necessary knowledge and experience in financial and business matters, to evaluate the merits and risks associated with the AIF's prospective investment based on the AIF's investment policy· or
(iii) is employed by one of the persons referred to in subparagraph (ii) of paragraph (b), receiving total remuneration that takes him into the same remuneration bracket as the natural persons who

effectively conduct the business of the person referred to in subparagraph (ii) of paragraph (b) or the executive members of their governing body, who effectively conduct the their business·

(c) by way of derogation from paragraphs (a) and (b), the investor is a person who effectively directs the business of the AIF or its external manager or is a person engaged in the AIF's investment management functions·

"**Securities and Exchange Commission**" means the Cyprus Securities and Exchange Commission, governed by the Cyprus Securities and Exchange Commission Law·

"**investment compartment**" means the investment compartment of an AIF, established and operating as an AIF which may create investment compartments, which is a separate group of assets·

"**investment firm**" or "**IF**" has the meaning attributed to the term "Investment Firm" by article 2(1) of the Investment Services and Activities and Regulated Markets Law·

"**business**" in relation to the external manager or the AIF or the AIFLNP, in case the AIF and the AIFLNP are internally managed, means the AIF management activities referred to in article 6(1), and the terms "management of partnership business" and "administration of partnership business", in relation to a limited partnership, shall be interpreted accordingly·

"**internally managed AIF**" means an AIF incorporated either as an investment company or a limited partnership with separate legal personality, which is authorised to operate subject to the provisions of Chapter 2 of Part II·

"**internally managed AIFLNP**" means an AIFLNP incorporated either as an investment company or a limited partnership with separate legal personality, which is authorised to operate subject to the provisions of Part VII·

"**company**" means -
(a) company, within the meaning given to this term by article 2(1) of the Companies Law· or
(b) a company legally incorporated in another member state or third country·

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

"**UCITS Management Company**" has the meaning attributed to the term "Management Company" by article 2(1) of the Open Ended Undertakings for Collective Investment Law, including management companies authorised by another member state, subject to a legislation harmonising Directive 2009/65/EC·

"**investment company**" means a variable capital investment

company or a fixed capital investment company·

"**fixed capital investment company**" means a company incorporated subject to the Companies Law as a company limited by shares and which is authorised to operate as an AIF subject to the provisions of Chapter 2 of Part II or as an AIFLNP subject to the provisions of Part VII or which may operate as a RAIF subject to the provisions of Part VIII, as a fixed capital investment company in accordance with the relevant provisions of this Law·

"**variable capital investment company**" means a company incorporated subject to the Companies Law as a company limited by shares and which is authorised to operate as an AIF subject to the provisions of Chapter 2 of Part II or as an AIFLNP subject to the provisions of Part VII or which may operate as a RAIF subject to the provisions of Part VIII, as a variable capital investment company in accordance with the relevant provisions of this Law·

"**limited partnership**" or "**partnership**" means a limited partnership registered subject to the General and Limited Partnerships and Business Names Law, with or without separate legal personality, which is authorised to operate as an AIF subject to the provisions of Chapter 2 of Part II or as an AIFLNP subject to the provisions of Part VII or which may operate as a RAIF subject to the provisions of Part VIII, as a limited partnership in accordance with the relevant provisions of this Law·

"**limited partner**" means a limited partner or limited partner by shares, within the meaning given to these terms by article 2 of the General and Limited Partnerships and Business Names Law·

"**retail investor**" means an investor who does not qualify as a professional investor nor as a well informed investor·

"**Registrar**" -
(a) with regards to a company incorporated subject to the provisions of the Companies Law, has the meaning attributed to the term "the registrar of companies" by article 2(1) of the Companies Law·
(b) with regards to a limited or general partnership, has the meaning attributed to the term "Registrar" by article 2 of the General and Limited Partnerships and Business Names Law·

"**depositary**" means the legal person entrusted with at least one of the depositary tasks set out in article 24 of the Alternative Investment Fund Managers Law·

"**subsidiary**" has the meaning attributed to this term by article 2(1) of the Companies Law or a corresponding law of a member state or third country·

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

"**fund rules**" in relation to AIF or RAIF, shall mean the fund rules of the common fund which must be made in writing and satisfy the provisions of this Law·

"**Regulation (EU) No. 231/2013**" means the act of the European Union titled 'Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision'· OJ of the EU: L 83, 22.3.2013, 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) 2017/2401 of the European Parliament and of the Council of 12 December 2017· OJ of the EU: L 176, 27.6.2013, p.1· L 347 28.12.2017, p.1.

"**Regulation (EU) No. 583/2010**" means the act of the European Union titled 'Commission Regulation (EU) No 583/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards key investor information and conditions to be met when providing key investor information or the prospectus in a durable medium other than paper or by means of a website'· OJ of the EU: L 176, 10.7.2010, p.1.

"**instruments of incorporation**" means -
(a) in the case of an AIF or RAIF or AIFLNP, incorporated as an investment company , the articles of association and the instrument of incorporation of the Companies Law, the content of which shall comply with the provisions of this Law· and
(b) in the case of an AIF or RAIF or AIFLNP, registered as a limited partnership, the partnership agreement of the General and Limited Partnerships and Business Names Law, the content of which shall comply with the provisions of this Law·

"**registered alternative investment fund**" or "**RAIF**" means the AIF which may operate as a registered AIF subject to the provisions of Part VIII·

"**relevant legislation**" has the meaning attributed to this term by article 2(1) of the Cyprus Securities and Exchange Commission Law·

"**capital commitment**" means the contractual commitment of an investor to provide the AIF with an agreed amount of

investment on request by the external manager or the AIF, in case the AIF is internally managed·

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 2nd of May 1992 and adjusted by the Protocol signed at Brussels on the 17th 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 of 2004, as the Agreement is, from time to time, further amended or replaced·

OJ of the EU: L 130, 29.4.2004, p.11.

"**master AIF**" means an AIF in which another AIF invests or has an exposure, in accordance with the definition "feeder AIF" provided in this section·

"**unit account**" means the account opened in the name of the unitholders or joint unitholders when they become owners of units in an AIF·

"**unit**" or "**AIF unit**" means the unit of a common fund or the share of an investment company or the share or interest of a limited partnership, according to the legal type of the AIF·

"**unitholder**", in relation to AIF, means the holder of a unit or of a fraction of a unit·

"**parent undertaking**" has the meaning attributed to this term by article 2(1) of the Companies Law or by a relevant law of a member state or third country, as the case may be·

"**leverage**" means the method by which -
(a) the external manager increases the exposure of an AIF it manages to risk· or
(b) the AIF, in case it is internally managed, increases its exposure to risk,
whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means·

"**directive**" means the regulatory administrative act of the Securities and Exchange Commission, which is published in the Official Gazette of the Republic·

OJ of the EU: L 302, 17.11.2009,

"**Directive 2009/65/EC**" means the act of the European Community 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

p.32· L 257, 28.8.2014, p.186.

provisions relating to undertakings of collective investments in transferable securities (UCITS)', as recently amended by Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014·

OJ of the EU: L 174, 1.7.2011, p.1· L 173, 12.6.2014, p.349·

"**Directive 2011/61/EU**" means the act of the European Parliament and of the Council titled 'Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on the 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 recently amended by Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014·

"**AIF**" or "**Alternative Investment Fund**" means collective investment undertakings, including investment compartments thereof, which -
(a) raise 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) do not require authorisation pursuant to 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·

131(I) of 2014 11(I) of 2015.

"**AIF with limited number of persons**" or "**alternative investment fund with limited number of persons**" or "**AIFLNP**" means an AIF authorised by the Securities and Exchange Commission to operate as an AIFLNP, subject to Part VII, or which was permitted to operate as an AIFLNP subject to article 120(1)(a) of the Alternative Investment Funds Law·

"**umbrella AIF**" means an AIF established and operating as an AIF with more than one investment compartments or which has been converted to and operates as an AIF with more than one investment compartments·

"**general partner**" has the meaning attributed to this term by article 2 of the General and Limited Partnerships and Business Names Law·

"**OECD**" means the Organisation for Economic Cooperation and Development established in 1960 by the Convention for the Organisation for Economic Cooperation and Development·

"**UCITS**" has the meaning attributed to this term by article 2(1) of the Open Ended Undertakings for Collective Investment Law·

"**credit institution**" means -
(a) if the entity is established in the Republic, a bank or a

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
30(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
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
28(I) of 2018.

cooperative credit institution, within the meaning of article 2(1) of the Business of Credit Institutions Law· or

(b) if the entity is established in a member state, a credit institution, within the meaning of point (1) of Article 4(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 in point (1) of Article 4(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 Union·

114(I) of 2005
144(I) of 2012
63(I) of 2013
166(I) of 2014
86(I) of 2015
33(I) of 2016.

"**offering document**" means the document containing information about the AIF or the AIFLNP or the RAIF, as the case may be, and which is not subject to the provisions of the Public Offer and Prospectus Law·

"**persons engaged in AIF activity**" means the external manager, the AIF in case it is internally managed, the AIF's depositary and the persons marketing AIF's units·

"**persons who effectively direct the business**" means the members of the governing body and the senior management

of the external manager or the AIF, in case the AIF is internally managed·

"**primary AIF units**" means the AIF units which -
(a) are issued and redeemed at a price calculated based on the net asset value of the AIF, following the submission of an application directly to the AIF, which can only be submitted by specifically authorised persons, and where the price of the said units or redemption result is expressed in cash or securities representing the investment policy of the AIF· and
(b) thereafter, are assigned to AIF units which are traded in the relevant secondary market, to be sold or purchased by investors·

"**durable medium**" means a letter or text, transferred through fax or an electronic message or any other way of recording and distributing information·

"**close links**" means the situation between two or more persons, in which two or more persons -
(a) are linked by participation, namely ownership, directly or by way of control, of 20% or more of the capital or voting rights of a company or a limited partnership or a common fund· or
(b) are linked by control, namely the relationship between a parent undertaking and a subsidiary, as referred to in article 148 of the Companies Law or a similar relationship between a natural or legal person and an undertaking; for the purposes of this paragraph, a subsidiary undertaking of a subsidiary undertaking shall also be considered to be a subsidiary of the parent undertaking of those subsidiaries· or
(c) are permanently linked between them by a control relationship·

"**partnership agreement**" means a written agreement drawn up as initial text by the general partner and approved by the Securities and Exchange Commission, detailing the terms for handling cases and the conduct of business of the limited partnership, as the case may be, after any amendments, additions or revisions·

"**related person**" means any of the following -
(a) the parent undertaking or the subsidiary of the AIF or of the persons who effectively direct the business of the AIF·
(b) the subsidiary of the parent undertaking of the AIF or of the persons who effectively direct the business of the AIF·
(c) any other company which is not subsidiary of the AIF or of anyone of the persons who effectively direct the business of the AIF, but in which the AIF or any of the persons who effectively direct the business of the AIF hold, for their own benefit, at least 20% of its issued capital or its shares with voting rights·
(d) a limited partnership or a trust which holds an interest of 20% in the AIF or in any of the persons who effectively direct

the business of the AIF·

"**third country**" means a country that is not a member state·

"**feeder AIF**" means an AIF which -
(a) invests at least 85% of its assets in units or shares of a master AIF·
(b) invests at least 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 85% of its assets to such a master AIF·

"**financial instrument**" has the meaning attributed to this term by article 2(1) of the Investment Services and Activities and Regulated Markets Law.

(2) (a) In this Law and in any acts with regulatory content issued pursuant of the present Law, any reference to a Directive, Regulation or Decision or other legislative act of the European Union, shall mean the said act as corrected, amended or replaced from time to time, unless it appears otherwise from the text.

(b) In this Law and in any acts with regulatory content issued pursuant of this Law , any reference to a law or regulatory administrative act of the Republic, shall mean the said law or act as corrected, amended or replaced from time to time, unless it appears otherwise from the text.

Scope of application of this Law.

3. (1) (a) This Law regulates the establishment and operation of AIFs in the Republic, including AIFPNPs and RAIFs, and, to the extent relevant, of persons engaged in AIF activity and of EU or third country AIFs marketing their units in the Republic.

(b) In particular -
(i) the provisions of Part II shall apply to AIFs established in the Republic and, proportionally, to AIFLNPs and RAIFs, unless otherwise provided in this Law·
(ii) the provisions of Part III shall apply to EU or third country AIFs marketing their units in the Republic·
(iii) the provisions of Part IV shall apply to traded AIFs and traded AIF units·
(iv) the provisions of Part V shall apply to AIFs authorised subject to the provisions of Chapter 2 Part II, to AIFLNPs and to RAIFs·
(v) the provisions of Part VII shall apply to AIFLNPs·
(vi) the provisions of Part VIII shall apply to RAIFs.

(2) This Law shall not apply -

(a) to the undertakings falling within the scope of the Open Ended Undertakings for Collective Investment Law and Directive 2009/65/EC·

(b) to the social security scheme falling within the scope of the Social Insurance Law·

59(I) of 2010
114(I) of 2010
126(I) of 2010
2(I) of 2012
37(I) of 2012
170(I) of 2012
193(I) of 2012
196(I) of 2014
194(I) of 2014
176(I) of 2015
1(I) of 2017
52(I) of 2017
115(I) of 2017.

38(I) of 2016
88(I) of 2017.

(c) to the entities that fall within the scope of the Insurance Services and Other Related Issues Law·

(d) to the entities that fall within the scope of the Establishment, Activities and Supervision of Institutions for Occupational Retirement Provision Law·

208(I) of 2012
111(I) of 2014
143(I) of 2015
10(I) of 2018.

(e) to the employee participation schemes or employee saving schemes·

(f) to the securitisation special purpose entities·

(g) to the approved investment undertakings and investment undertakings, as provided for in the regulatory decisions of the Council of the Cyprus Stock Exchange Law regarding the stock exchange markets.

PART II: PROVISIONS REGARDING THE ALTERNATIVE INVESTMENT FUNDS

Chapter 1: General characteristics and distinctions of AIFs

AIF legal forms and use of the AIF designation.

4. (1) An AIF may be established taking one of the following legal forms:

(a) as a common fund· or

(b) as an investment company, registered subject to the Companies Law either as a company limited by shares or as a variable capital investment company· or

(c) as a limited partnership, with or without separate legal personality, registered subject to the General and Limited Partnerships and Business Names Law.

(2) Each AIF authorised subject to Chapter 2 of this Part shall include the term “alternative investment fund” or “AIF” in its name, and, if the AIF is established as -

(a) a common fund, the term “common fund” or the abbreviation “C.F.” shall also be included in its name·

(b) an investment company, the term “fixed capital investment company” or the abbreviation “F.C.I.C.”, or the term “variable capital investment company” or the abbreviation “V.C.I.C.”, as the case may be, shall also be included in its name·

(c) a limited partnership, the term “limited partnership” or the abbreviation “L.P.” shall also be included in its name.

(3) The establishment of AIFs is permitted only subject to the provisions of this Law.

Conversion of AIF.

5. (1) AIFs authorised subject to the provisions of article 13 may not convert, in any way, into an entity not subject to the provisions of this Law or into a RAIF.

(2) An AIF may convert into an AIFLNP subject to the provisions of Part VII, upon the submission of the relevant application and the granting of authorisation in accordance with article 126.

(3) RAIFs and AIFLNPs may convert into an AIF in accordance with the provisions of this Part, upon the submission of the relevant application and the granting of authorisation in accordance with article 13.

(4) Externally managed AIFs or AIFLNPs may convert into internally managed AIFs or AIFLNPs, respectively, if the relevant application is submitted and the conditions provided for in the relevant articles of this Law in relation to internally managed AIFs or AIFLNPs are satisfied, respectively, and upon the issuance and notification of its authorisation status by the Securities and Exchange Commission, subject to the provisions of this Part or Part VII, respectively.

(5) Internally managed AIFs or AIFLNPs may convert into externally managed AIFs or AIFLNPs, respectively, if the relevant application is submitted and the Securities and Exchange Commission is satisfied that -

(a) the external manager of the AIF, in case of

conversion into an externally managed AIF, complies with the conditions provided for in article 13(3)(a)· or

(b) the external manager of the AIFLNP, in case of conversion into an externally managed AIFLNP, complies with the conditions provided for in article 126(3)(a)(i) to (iii) and (b),

and upon the issue of the authorisation and the notification of its authorisation status by the Securities and Exchange Commission in accordance with this Part or Part VII, respectively.

(6) The Securities and Exchange Commission may, by means of a directive, specify the information or data to be included in the application provided for in this article lay down standardized templates and procedures for the provision of information or data, as well as to regulate any technical matters and details relating to the application of this article.

AIF management.

6. (1) AIF management includes -

(a) performing at least the following investment management functions:
(i) Portfolio management, and
(ii) Risk management·

(b) performing any of the following other functions:
(i) Administration:
(A) legal and fund management accounting services,
(B) customer inquiries,
(C) valuation and pricing, including tax returns,
(D) regulatory compliance monitoring,
(E) maintenance of unit-/shareholder register,
(F) distribution of income,
(G) unit/shares issues and redemptions,
(H) contract settlements, including certificate dispatch,
(I) record keeping,
(ii) Marketing,
(iii) Activities related to the assets of AIFs, namely services necessary to meet the fiduciary duties of the 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) The AIF may be setup:

(a) either as an internally managed AIF, where it does not appoint an external manager, if it is established as an investment company or a limited partnership with separate legal personality and the assets under its management do not exceed the thresholds of article 4(2) of the Alternative Investment Fund Managers Law· in addition, the investment company may be set up as an internally managed AIF when the persons that sign the instruments of incorporation of the investment company, in case of a company not yet incorporated, or the members of the board of directors, in case of an incorporated company, decide not to appoint an external manager, but to exercise internal management in accordance with the provisions of the Alternative Investment Fund Managers Law -

(i) either obligatory in case the assets under its management exceed the thresholds of article 4(2) of the Alternative Investment Fund Managers Law,
(ii) or by choice, because they choose to opt in under the Alternative Investment Fund Managers Law,

and the investment company is considered as to be an AIFM which is an internally managed AIF and is subject to the provisions of the Alternative Investment Fund Managers Law·

(b) or as an externally managed AIF, where it appoints an external manager to perform the investment management functions, which is authorised and operates as -

(i) an AIFM· or
(ii) a UCITS Management Company· or
(iii) an AIF management company authorised in the Republic or in another member state, for the investment management of AIFs, whose assets under management do not exceed the thresholds of article 4(2) of the Alternative Investment Funds Manager Law or the corresponding Article 3, paragraph 2 of Directive 2011/61/EU and is subject to prudential supervision subject to law of the Republic or its home member state· or
(iv) an IF.

(3) The Securities and Exchange Commission may, by means of a directive, regulate any technical matters and details relating to the application of this article.

Open-ended or closed-

7. An AIF may be -

ended AIF.

(a) of the open-ended type, if its shares or units are, at the request of any of its shareholders or unitholders, repurchased or redeemed prior to the commencement of its liquidation phase or wind-down, directly or indirectly, out of the assets of the AIF and in accordance with the procedures and frequency set out in its fund rules or instruments of incorporation, prospectus or offering document of the AIF· or

(b) of the closed-ended type, in all other cases.

Listing of AIF units in a secondary market.

8. (1) AIF units may be listed in a secondary market for trading, in accordance with the provisions of Part IV.

(2) The prices of AIF units may be published in a secondary market, without prejudice to the obligations imposed by this Law, and under the terms and provisions defined by the secondary market:

It is provided that, the prices of AIF units corresponding to a specific unit class or several unit classes, or to one investment compartment or several investment compartments, may be published in a secondary market.

Umbrella AIF.

9. (1) AIFs may be established and operate as AIF with more than one investment compartments, and each compartment shall be subject to the provisions of this Law as a separate AIF:

It is provided that an umbrella AIF is a single legal entity and therefore no separate fund rules or instruments of incorporation are drawn up.

(2) Each of the investment compartments of the umbrella AIF issues units, which correspond to the assets and obligations the specific investment compartment holds or has, and the value of units issued by each of the investment compartments of the umbrella AIF may differ.

(3) (a) The rights of unitholders and the claims of creditors or the liabilities arising in connection to the establishment, operation, liquidation and dissolution of an investment compartment, are limited to the assets of that investment compartment:

It is provided that, without prejudice to the provisions of paragraph (b), the assets of an investment compartment are exclusively available to satisfy the rights of unitholders and the claims of creditors or the liabilities of that investment

compartment, and must not, in any case, be used to satisfy the rights of unitholders and the claims of creditors or the liabilities of other investment compartments.

(b) When the AIF is addressed to professional and/or well informed investors, its fund rules or instruments of incorporation may provide for derogation from paragraph (a).

(4) The fund rules or instruments of incorporation of an AIF which is established and operates as an umbrella AIF -

(a) provide that the AIF may create investment compartments and operate with more than one investment compartments,

(b) include the operational rules applicable to each investment compartment,

(c) without prejudice to the provisions of paragraph (b) of section (3), provide that the assets of an investment compartment belong exclusively to that investment compartment and must not be used, directly or indirectly, to satisfy the rights of unitholders and the claims of creditors or the liabilities of another investment compartment.

(5) An investment compartment of an AIF ("the Investor Compartment") may invest in another investment compartment or compartments of the same AIF ("the Target Compartment"), where that option is provided in the fund rules or the instruments of incorporation of the AIF and provided that the following conditions are complied with:

(a) the Investor Compartment invests in total up to 35% of its assets in a Target Compartment·

(b) the Target Compartment shall not invest in the Investor Compartment·

(c) the voting rights, if any, attached to the units corresponding to the investment made by the Investor Compartment in the Target Compartment, are suspended for as long as they are held by the Investor Compartment·

(d) the value of the units that correspond to the investments of paragraph (a), is not included twice in the calculation of the net asset value of the AIF which operates in the form of a common fund, or of the capital of the AIF which operates in the form of an investment company or limited partnership·

(e) any remuneration or management fees, marketing, redemption or repurchase fees, as well as any expenses regarding the marketing, redemption or repurchase of units related to the investment of the Investor Compartment in the Target Compartment shall not be charged.

(6) The granting of authorisation and operation of an AIF investment compartment is subject to the provisions of this Law:

It is provided that, the Securities and Exchange Commission may withdraw the authorisation of one or more investment compartments of the umbrella AIF, subject to the provisions of this Law, without withdrawing the authorisation of all investment compartments and/or the authorisation of the AIF itself.

(7) (a) Each investment compartment of the umbrella AIF is being dissolved and liquidated separately, without its dissolution and liquidation resulting in the dissolution and liquidation of other compartments of the AIF or of the AIF itself.

(b) During the liquidation of an investment compartment which will be dissolved, all its obligations shall be settled.

(c) The procedure for the dissolution and liquidation of an investment compartment of an umbrella AIF established as a common fund shall be governed by the provisions of article 52(3) to (6)·

(d) By way of derogation from article 63(2) and (3), the procedure for the dissolution and liquidation of an investment compartment of an umbrella AIF established as an investment company shall be governed by the provisions of article 52(3) to (6):

It is provided that, this paragraph applies to AIFLNPs, as if the reference to article 63(2) and (3) is a reference to article 132(2) and (3)·

(e) The procedure for the dissolution and liquidation of an investment compartment of an umbrella AIF established as a limited partnership shall be governed by the provisions of article 74(3) to (7).

(8) The Securities and Exchange Commission may, by means of a directive, define any additional information to be included in the fund rules or the instruments of incorporation of the umbrella AIF and regulated any other matter related to the establishment, operation and the dissolution of an umbrella AIF.

Conversion of AIF to umbrella AIF and vice versa.

10. (1) (a) An AIF which is not an umbrella AIF may convert to an umbrella AIF, upon the amendment of its fund rules or instruments of incorporation subject to the provisions of article 9(4), and provided that it complies with the provisions of this Law.

(b) Without prejudice to the provisions of this section, in case an AIF converts into an umbrella AIF, the rights of unitholders and the claims of creditors or the liabilities of the AIF are assigned to the investment compartment of the umbrella AIF in which the assets belonging to the AIF, pre-existing its conversion into an umbrella AIF, are allocated to:

It is provided that, any lawsuits and other legal proceedings initiated on behalf of or against to the AIF and any administrative actions taken against the AIF before converting into an umbrella AIF shall continue to apply and bear the investment compartment in which the assets belonging to the AIF, pre-existing its conversion into an umbrella AIF, are allocated to· the external manager shall inform in writing the Securities and Exchange Commission in relation to the investment compartment in which the assets belonging to the AIF, pre-existing its conversion into an umbrella AIF, are allocated to.

(c) Unless the unitholder and/or the creditor have agreed otherwise, when an AIF converts into an umbrella AIF and the provisions of article 9(3)(b) are applicable, the unitholders and creditors of the AIF can request that any rights and claims they may have or liabilities arisen against the AIF are satisfied by the assets of the investment compartments of the umbrella AIF into which the assets belonging to the AIF, pre-existing its conversion into an umbrella AIF, are allocated to:

It is provided that, any lawsuits and other legal proceedings initiated on behalf of or against to the AIF and any administrative actions taken against the AIF before converting into an umbrella AIF shall continue to apply and bear the investment compartments in which the assets belonging to the AIF, pre-existing its conversion into an umbrella AIF, are allocated to· the external manager shall inform in writing the Securities and Exchange Commission in relation to the investment compartments in which the assets belonging to the AIF, pre-existing its conversion into an umbrella AIF, are allocated to.

(2) An umbrella AIF may convert to an AIF that is not an umbrella AIF -

(a) upon an amendment of its fund rules or instruments of incorporation,

(b) upon the dissolution and liquidation of all of its investments compartments but one, applying proportionately the provisions of article 9(7), and

(c) provided that it complies with the provisions of this Law.

(3) The prior approval of the Securities and Exchange Commission is required in order to proceed to any of the actions of sections (1) and (2).

(4) The Securities and Exchange Commission may, by means of a directive, regulate any technical matters and details regarding the application of this article.

Possibility of conversion of an AIF's legal form.

11. (1) An AIF established as a common fund and authorised in accordance to the provisions of article 13, may convert either to an investment company or a limited partnership, upon the approval, by a majority of 2/3 of the votes of the unitholders present or represented at a meeting, and under the condition that -

(a) the provisions of article 4(1)(b) or (c) are complied with, as the case may be· and

(b) its fund rules are amended so as to comply with the provisions of sections 59 or 69, respectively· and

(c) the consent of the person undertaking the duties of the external manager is submitted to the Securities and Exchange Commission.

(2) The decision regarding the conversion is communicated to the unitholders, in the manner specified in the fund rules, within 5 working days from the day the decision was taken, and at least 30 days before the conversion takes effect.

(3) In the event that the unitholders disagree with the decision regarding the conversion of the AIF in accordance with section (1), they have the right to request, within 15 days from the day the decision regarding the conversion was communicated to them, without additional charges, the redemption or repurchase of their units.

(4) The Securities and Exchange Commission may, by means of a directive, define the specific conditions and the process of conversion of the legal form of an AIF, in accordance with section (1), as well as any relevant matter or necessary detail regarding the conversion, and especially matters regarding the redemption rights of existing

unitholders.

Chapter 2: Authorisation of an AIF

Submission of application for authorisation of an AFI and amendments to the data submitted.

12. (1) The commencement of operations of an AIF requires the prior authorisation and communication of the authorisation by the Securities and Exchange Commission, in accordance with the provisions this Chapter.

(2) By way of derogation from section (1), for the commencement of operations of an AIFM which is an internally managed AIF, the prior authorisation and communication of authorisation by the Securities and Exchange Commission is required, in accordance with article 8 of the Alternative Investment Fund Managers Law.

(3) In order for an AIF to be established as a common fund, its external manager shall submit to the Securities and Exchange Commission, in addition to the application for granting authorisation, the following data:

(a) the name and the data identifying and certifying the appropriateness of the AIF's external manager, as well as the identity of the person or persons responsible for the risk management and portfolio management functions·

(b) a statement by the external manager confirming that it agrees to perform the investment management functions for the AIF·

(c) a statement by the depositary confirming that it agrees to perform the depositary functions for the assets of the AIF, in accordance with this Law·

(d) the identity of the person or persons appointed by the depositary as responsible for monitoring the activity of the AIF and sufficient information for these persons, including a resume, so that the Securities and Exchange Commission is in a position to assess whether they are of good repute and that they possess sufficient knowledge, skills and experience to perform their duties·

(e) a draft of the AIF's fund rules, signed by the AIF's external manager·

(f) a draft of the AIF's offering document·

(g) a draft of the AIF's key investor information document, as provided for in article 36(3)(c)·

(h) any other information provided for in article 30(1) of the Alternative Investment Fund Managers Law, the provisions of which are proportionately applicable in this case.

(4) In order for an AIF to be established as an investment company, either internally managed subject to article 6(2)(a) or externally managed subject to article 6(2)(b), the persons signing its instruments of incorporation, when the investment company is under incorporation, or the members of its board of directors, when the investment company is an existing company, or its external manager, when the investment company is externally managed, shall submit to the Securities and Exchange Commission, in addition to the application for granting authorisation, the following data:

(a) the name of the AIF, its registered address, as well as the address of its headquarters·

(b) sufficient information and data, including a resume, for the persons who effectively direct the business of the internally managed AIF, so that the Securities and Exchange Commission is in a position to assess whether they are of good repute and that they possess sufficient knowledge, skills and experience to perform their duties·

(c) the name and the data identifying and certifying the appropriateness of the AIF's external manager, as well as the identity of the person or persons responsible for the risk management and portfolio management functions·

(d) a statement by the external manager, where one is appointed, confirming that it agrees to perform the investment management functions for the AIF·

(e) a statement by the depositary confirming that it agrees to perform the depositary functions for the assets of the AIF, in accordance with this Law·

(f) the identity of the person or persons appointed by the depositary as responsible for monitoring the activity of the AIF and sufficient information for these persons, including a resume, so that the Securities and Exchange Commission is in a position to assess whether they are of good repute and that they possess sufficient knowledge, skills and experience to perform their duties·

(g) a draft of the AIF's instruments of incorporation·

(h) a draft of the AIF's offering document·

(i) a draft of the AIF's key investor information document, as provided for in article 36(3)(c)·

(j) any other information provided for in article 30(1) of the Alternative Investment Fund Managers Law, the provisions of which are proportionately applicable in this case:

It is provided that, the provisions of this section shall apply to AIFLNPs as if the reference to article 6(2) is a reference to article 125(1).

(5) In order for an AIF to be established as a limited partnership, either internally managed with separate legal personality subject to article 6(2)(a) or externally managed subject to article 6(2)(b), its external manager or the general partner of the internally managed limited partnership, shall submit to the Securities and Exchange Commission, in addition to the application for granting authorisation, the following data:

(a) the name of the AIF as provided for in article 51(1)(a) of the General and Limited Partnerships and Business Names Law and its registered address·

(b) sufficient information and data, including a resume, for the persons who effectively direct the business of the internally managed AIF, so that the Securities and Exchange Commission is in a position to assess whether they are of good repute and that they possess sufficient knowledge, skills and experience to perform their duties·

(c) the name and the data identifying and certifying the appropriateness of the AIF's external manager, as well as the identity of the person or persons responsible for the risk management and portfolio management functions·

(d) a statement by the external manager, where one is appointed, confirming that it agrees to perform the investment management functions for the AIF·

(e) a statement by the depositary confirming that it agrees to perform the depositary functions for the assets of the AIF, in accordance with this Law·

(f) the identity of the person or persons appointed by the depositary as responsible for monitoring the activity of the AIF and sufficient information for these persons, including a resume, so that the Securities and Exchange Commission is in a position to assess whether they are of good repute and that they possess

sufficient knowledge, skills and experience to perform their duties·

(g) a draft of the AIF's partnership agreement·

(h) a draft of the AIF's offering document·

(i) a draft of the AIF's key investor information document, as provided for in article 36(3)(c)·

(j) any other information provided for in article 30(1) of the Alternative Investment Fund Managers Law, the provisions of which are proportionately applicable in this case:

It is provided that, the provisions of this section shall apply to AIFLNPs as if the reference to article 6(2) is a reference to article 125(1).

(6) For the purposes of sections (3) to (5), the Securities and Exchange Commission, may, in addition to the information referred to in the aforementioned sections, request the submission of any additional or clarifying information or data, if it deems it necessary or useful, in order to decide about the granting, or not, of AIF authorisation.

(7) The information or data referred in sections (3) to (6) shall be submitted either in an official language of the Republic or in an official language of the Republic and in the English Language or only in English.

(8) (a) The external manager of the AIF or the AIF, in case it is internally managed, shall notify the Securities and Exchange Commission for any material change in the data or information which was a requirement for granting the AIF authorisation and in particular for any change in the information provided subject to this article, at least one month before the implementation of such change:

It is provided that, every change regarding the information or data of article 13(1)(b) to (d) is subject to the Securities and Exchange Commission's prior approval, and when there is a change in the persons who effectively direct the business of the internally managed AIF, as provided for in article 13(1)(c), the AIF shall submit to the Securities and Exchange Commission sufficient information and data, including a resume, so that the Securities and Exchange Commission is in a position to assess whether they are of good repute and that they possess sufficient knowledge, skills and experience to perform their duties.

(b) The Securities and Exchange Commission shall, within one month of receipt of a duly completed notification for the change, inform the external manager of the AIF or the AIF, in case it is internally managed, whether the change provided for in paragraph (a) is rejected or a restriction is imposed regarding its implementation· the Securities and Exchange Commission may decide to extend this period for an additional month, if this is deemed necessary due to the specific circumstances of the case, in which case the external manager of the AIF or the AIF, in case it is internally manager, is informed.

(c) The provisions of paragraphs (a) and (b) shall apply to AIFLNPs as if the reference to article 13(1) is a reference to article 126(1).

(9) The Securities and Exchange Commission may, by means of a directive, specify the information or data submitted in accordance with sections (3) to (5) and determine standard forms, templates and procedures for the provision of such information.

Granting AIF authorisation

13. (1) Without prejudice to the provisions of section 12(2), the Securities and Exchange Commission shall grant authorisation to the AIF only if it approves -

(a) the relevant application,

(b) the AIF's fund rules or instruments of incorporation,

(c) the choice of its external manager, or in case of an internally managed AIF, the persons who effectively direct the business of the AIF, and

(d) the choice of its depositary.

(2) The Securities and Exchange Commission shall neither require the external manager of the AIF to be established in the Republic as a condition for authorisation, nor the delegation of the portfolio management of the AIF to an external manager established in the Republic.

(3) The Securities and Exchange Commission shall not grant an AIF authorisation if -

(a) It considers that its external manager, which is established in the Republic, does not satisfy the conditions of -

(i) the Alternative Investment Fund Managers Law, if the external manager is an AIFM of the Republic·

(ii) the Open Ended Undertakings for Collective Investments Law, if the external manager is a

UCITS management company established in the Republic·

(iii) a legislation of the Republic subject to which an AIF management company is authorised, for the investment management of AIFs, whose assets under management do not exceed the thresholds of article 4(2) of the Alternative Investment Funds Manager Law·

(iv) Article 24(1), if the external manager is an IF· or

(b) the external manager of the AIF, established in another Member State, does not meet the requirements of article 6(2)(b)· or

(c) the external manager of the AIF does not comply with the provisions of article 49 of the Alternative Investment Fund Managers Law, in case the external manager of the AIF is a non-EU AIFM, as per article 6(2)(b)(i)· or

(d) the depositary of the AIF does not meet the requirements laid down in this Law or the Alternative Investment Fund Managers Law, as the case may be, or the person or persons appointed by the depositary as responsible for monitoring the activity of the AIF, are not of good repute or they do not possess sufficient experience, among others, in relation to the type of the AIF subject to authorisation·

(e) the effective exercise of the Securities and Exchange Commission's supervisory functions is prevented by any of the following-

(i) close links between the AIF and other natural or legal persons· or

(ii) the laws, regulations or administrative provisions of a third country governing natural or legal persons with which the AIF has close links· or

(iii) difficulties involved in the enforcement of those laws, regulations and administrative provisions referred to in sub-paragraph (ii).

(4) The Securities and Exchange Commission shall inform the external manager of the AIF or the AIF, in case it is internally managed, within six months of the submission of a complete application file in accordance with sections 12(3) to (6), whether authorisation has been granted:

It is provided that in case the Securities and Exchange Commission refuses to grant authorisation, the reasons for such a decision shall be duly justified:

It is further provided that when the AIF will take the form of an investment company or a limited partnership, the decision of the Securities and Exchange Commission

regarding the granting of authorisation shall also be communicated to the Registrar.

(5) Article 8(7) of the Alternative Investment Fund Managers Law apply in the case of an AIFM, which is an internally managed AIF:

It is provided that all other AIFs, may not conduct any business activity unless they are granted AIF authorisation, subject to the provisions of this article.

Chapter 3: Common provisions regarding the organization and operation of AIFs

Retention of minimum assets

14. (1) (a) The AIF must, within twelve (12) months from the date its authorisation was granted, raise at least five hundred thousand euros (€500.000) worth of capital from investors:

It is provided that, for the purposes of this article, the capital commitments shall not be included in the calculation of the minimum level of assets:

It is further provided that, in the case of an umbrella AIF, the requirement for a minimum level of assets applies to each investment compartment·

It is furthermore provided that, in case of an internally managed AIF, the calculation of the minimum level of assets excludes the initial capital requirement under this Law.

(b) The Securities and Exchange Commission may, upon the submission of a written request by the external manager of the AIF or the AIF, in case it is internally managed, decide to extend the period of paragraph (a) up to another twelve months, if this is deemed necessary due to the specific circumstances of the case.

(2) The payments made by investors towards the AIF, shall be made in cash or assets that relate to the investment policy of the AIF, and which are free of liens.

(3) The non-cash payments made by investors towards the AIF must be valued at the time of the payment, by an independent valuer who meets the requirements of Article 73 of Regulation (EU) No. 231/2013.

Investment policy.

15. (1) The Securities and Exchange Commission may, by means of a directive, specify any investment restrictions regarding the AIFs according to the nature of the assets in which they invest and the investors to which they are

addressed.

(2) The Securities and Exchange Commission may, by means of a directive, determine specific categories of AIFs according to their investment strategy and the structure of their investments.

(3) Where the AIF invests in other collective investment schemes of any type, including AIFs which are under the management of the same external manager or such other external manager which is linked by close links with the external manager that manages the first AIF, the latter external manager shall not receive any remuneration or redemption fees which would otherwise receive.

Risk management.

16. (1) Without prejudice to the provisions of article 16 of the Alternative Investment Fund Managers Law, applicable to AIFMs which are internally managed AIFs, this article shall apply to internally managed AIFs, unless otherwise provided in this Law.

(2) (a) Internally managed AIFs shall functionally and hierarchically separate the functions of risk management from the operating units, including the functions of portfolio management.

(b) The Securities and Exchange Commission shall assess the functional and hierarchical separation of the functions of risk management, in accordance with the principle of proportionality.

(c) Internally managed AIFs shall, in any event, be able to demonstrate that specific safeguards against conflicts of interest allow for the independent performance of risk management activities and that the risk management process satisfies the requirements of this article and is consistently effective.

(3) (a) Internally managed AIFs shall establish and implement adequate risk management systems in order to identify, measure, manage and monitor appropriately all risks relevant to the investment strategy of the AIF and to which the AIF is or may be exposed to.

(b) Internally managed AIFs shall review their risk management systems with the appropriate frequency and at least once a year, and to adjust them whenever it is necessary.

(4) Internally managed AIFs shall -

(a) establish and implement appropriate, documented and regularly updated due diligence process when investing, according to the investment policy, the

objectives and the 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 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 and investment strategies and objectives of the AIF as laid down in the AIF fund rules or instruments of incorporation, prospectus or offering documents and any other documents inviting an investor to subscribe for its units.

(5) Internally managed AIFs shall set a maximum level of leverage which they may employ, 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 policy of the AIF·

(c) the sources of leverage of the AIF·

(d) any other connection or relevant relationship 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 AIF on the markets concerned.

(6) The Securities and Exchange Commission may, by means of a directive, specify any detail or technical matter regarding the application of this article.

Conflicts of interest.

17. (1) Without prejudice to the provisions of article 15 of the Alternative Investment Fund Managers Law, applicable to AIFMs which are internally managed AIFs, this article shall apply to internally managed AIFs, unless otherwise provided in this Law.

(2) An internally managed AIF shall take all reasonable steps

to identify conflicts of interest that arise in the course of AIF management-

(a) between the internally managed AIF, including the persons who effectively direct its business, its employees or any person linked, directly or indirectly, by close links to the internally managed AIF by control, and the investors of the AIF· or

(b) between the internally managed AIF and any person engaged in AIF activity or linked, directly or indirectly, by close links to the internally managed AIF.

(3) The internally managed AIF shall-

(a) establish, maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps designed to identify, prevent, manage and monitor conflicts of interest in order to prevent them from adversely affecting the interests of the AIF and its investors·

(b) segregate, within its own operating environment, tasks and responsibilities which may be regarded as incompatible with each other or which may potentially generate systematic conflicts of interest· and

(c) assess whether its operating conditions may involve any other material conflicts of interest and disclose them to the investors of the AIF.

(4) Where organisational and internal administrative arrangements of paragraph (a) of section (3) are not sufficient to ensure, with reasonable confidence, that risks of damage to investors interests will be prevented, the internally managed AIF shall clearly disclose the general nature or sources of conflicts of interest to the investors before undertaking business on their behalf, and develop appropriate policies and procedures to overcome those conflicts of interests.

(5) (a) Where the internally managed AIF uses the services of a prime broker, the terms shall be set out in a written contract, which -

(i) defines the terms of their cooperation·
(ii) provides for any possible transfer and reuse of AIF's assets and that any such transfer or reuse shall comply with the AIF fund rules or instruments of incorporation· and
(iii) provides that the depositary shall be informed of the contract.

(b) The internally managed AIF 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.

(6) The Securities and Exchange Commission may, by means of a directive, specify any detail or technical matter regarding the application of this article.

Liquidity management.

18. (1) Without prejudice to the provisions of article 17 of the Alternative Investment Fund Managers Law, applicable to AIFMs which are internally managed AIFs, this article shall apply to internally managed AIFs, excluding unleveraged closed-ended internally managed AIFs, unless otherwise provided in this Law.

(2) Internally managed AIFs shall employ an appropriate liquidity management system and adopt procedures which enable them 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.

(3) Internally managed AIFs shall ensure that the investment policy, the liquidity profile and the redemption policy are consistent.

(4) The Securities and Exchange Commission may, by means of a directive, specify any detail or technical matter regarding the application of this article.

Remuneration policies.

19. (1) Without prejudice to the provisions of article 14 of the Alternative Investment Fund Managers Law, applicable to AIFMs which are internally managed AIFs, this article shall apply to internally managed AIFs, unless otherwise provided in this Law.

(2) Internally managed AIFs shall establish and apply remuneration policies which -

(a) are consistent with and promote sound and effective risk management·

(b) do no encourage risk-taking which is inconsistent with the risk profile, its fund rules or its instruments of incorporation·

(c) apply to those categories of staff, including senior management, risk takers, control functions and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and those risk takers, whose professional activities have a material impact on its risk profile.

(3) The Securities and Exchange Commission may, by means of a directive, specify any detail or technical matter regarding the application of this article.

Valuation.

20. (1) Without prejudice to the provisions of article 19 of the Alternative Investment Fund Managers Law, applicable to AIFMs which are internally managed AIFs, this article shall apply to internally managed AIFs, unless otherwise provided in this Law.

(2) The internally managed AIF shall ensure that appropriate and consistent procedures are established, so that a proper and independent valuation of the assets of the AIF can be performed in accordance with this article, the applicable law and the AIF fund rules or instruments of incorporation.

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

(a) by the relevant legislation governing investment companies or limited partnerships, provided that it is not in conflict with the provisions of this Law or the AIFs instruments of incorporation· or

(b) in case it is a common fund, by its fund rules.

(4) (a) Internally managed AIFs shall ensure that the net asset value per unit of the AIF is calculated and disclosed to the investors in accordance with this article, the applicable national law and the AIF fund rules or instruments of incorporation. The valuation procedures used shall ensure that the assets are valued and the net asset value per unit is calculated at least once a year

(b) The valuations and calculations of paragraph (a) are carried out -

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

(b) on the dates mentioned in the annual and half-yearly report of the AIF, respectively, as the reference dates for the listed items.

(5) The investors shall be informed of the valuations and calculations as set out in the relevant AIF fund rules or instruments of incorporation.

(6) Internally managed AIFs shall ensure that the valuation function is performed by -

(a) an external valuer, being a legal or natural person independent from the internally managed AIF or any other person with close links to the internally managed AIF· or

(b) the internally managed AIF itself, provided that the valuation task is functionally independent from the portfolio management and the remuneration policy and other measures established by the internally managed AIF ensure that conflicts of interest are mitigated and that undue influence upon employees is prevented.

(7) The depositary appointed for the AIF shall not be appointed as external valuer of the AIF, unless -

(a) it has functionally and hierarchically separated the performance of its depositary functions from its tasks as external valuer· and

(b) the potential conflicts of interest are properly identified, managed, monitored and disclosed to the investors of the AIF.

(8) Where an external valuer performs the valuation function, the internally managed AIF shall demonstrate that -

(a) the external valuer is subject to mandatory professional registration recognised by law or to legal or regulatory provisions or rules of professional conduct· and

(b) the external valuer can provide sufficient professional guarantees that he is able to perform effectively the relevant valuation function in accordance with sections (2) to (5).

(9) The appointed external valuer shall not delegate the valuation function to a third party.

(10) The valuation shall be performed impartially and with all due skill, care and diligence.

(11) (a) Internally managed AIFs are responsible towards its investors, for the proper valuation of its assets, the calculation of the net asset value and the publication of that asset value. The internally managed AIF liability towards its investors shall, therefore not be affected by the fact that the internally managed AIF has appointed an external valuer.

(b) By way of derogation from paragraph (a) and any contractual arrangements providing otherwise, the external valuer shall be liable to the internally managed AIF for any losses suffered by the internally managed AIF as a result of the external valuer’s negligence or intentional failure to perform its tasks.

(12) The Securities and Exchange Commission may, by

means of a directive, specify the rules and the valuation methods of the assets of the AIF and define the details and the technical matters regarding the application of this article.

Management and conduct of business.

21. (1) The governing body of the internally managed AIF consists of at least four natural persons, of which at least two perform executive duties therein.

(2) The business of the internally managed AIF is conducted by at least two natural persons, which are of sufficiently good repute and possess sufficient knowledge and experience to perform their duties, and they fall within the definition senior management:

It is provided that, the persons engaged in the performance of the risk management function are not supervised by those responsible for the performance of the operating units, including the portfolio management function.

(3) The persons who effectively direct the business of the external manager of the AIF or the AIF, in case it is internally managed, shall not participate in the governing body or senior management of the AIF's depositary, and vice versa.

(4) In case of an externally managed AIF, the members of the governing body and the persons who conduct the business of the external manager of the AIF shall disclose to the external manager their capacity which could give rise to a conflict of interest while carrying out their duties and more specifically their capacity as members -

(a) of the governing body or persons who conduct the business of another AIF or another collective investment undertaking; or

(b) of an external manager, other than the one performing the investment management functions for the specific AIF.

AIF transactions.

22. (1) Without prejudice to the provisions of article 15 of the Alternative Investment Fund Managers Law, applicable to AIFMs which are internally managed AIFs, this article shall apply to external managers and the persons who effectively direct the business of internally managed AIFs, unless otherwise provided in this Law.

(2) Without prejudice to the provisions of article 17 -

(a) the external manager and the persons who effectively direct its business, as well as the persons who effectively direct the business of an internally managed AIF; and

(b) a company of the group to which the external

manager or the internally managed AIF belongs, as well as the members of the governing body of such company,

may enter in a transaction with the AIF or profit from a transaction made by the AIF in relation to its assets, to the extent that this is permitted by the AIF's fund rules or instruments of incorporation and complying with any possible conditions and procedures these may contain.

(3) Any transaction between the AIF and -

(a) its external manager or the persons who effectively direct the business of the AIF· or

(b) its depositary· or

(c) its investment advisor· or

(d) any of its unitholders· or

(e) person related by close links with a person referred to in paragraphs (a) to (d), including the AIF when it is externally managed,

shall take place in accordance with section (4), unless the provisions of section (5) apply, as follows:

(i) under the terms which are deemed normal for the specific transaction· and
(ii) promoting the best interests of the AIF's unitholders.

(4) The execution of the transaction of section (3), subject to the provisions of section (5), requires the previous valuation of the subject of the transaction from an independent valuer, who shall be nominated by the depositary, or, in case the depositary or a related person of the depositary is involved in the transaction, by the external manager of the AIF or the AIF, in case it is internally managed.

(5) When the valuation of section (4) is not practically possible to be performed, the depositary, or, in case the depositary or a related person of the depositary is involved in the transaction, the external manager of the AIF or the AIF, in case it is internally managed, shall certify the compliance with sub-paragraphs (i) and (ii) of section (3).

(6) When there is a poof executing a transaction in accordance with section (3), the offering document of the AIF shall include a relevant reference; the annual and half-yearly reports of the AIF shall include all necessary information regarding any such transactions that have been executed within the reference period, sorting them by category and by contracting party to the AIF, and disclosing any

remunerations or fees paid to every party to the AIF, for each transaction separately.

Chapter 4: AIF administration

Delegation of administration function.

23. The relevant delegation procedure of this Law or of the law governing the external manager shall be followed, when the external manager of the AIF or the AIF, in case it is internally managed, delegates any of the tasks of the administration function of article 6(1)(b)(i).

Chapter 5: AIF external manager

Organisation and operations of the external manager.

24. (1) The entity undertaking the duty of the external manager of an AIF in accordance with article 6(2)(b), shall apply, as the case may be, in relation to its organizational and operational requirements and, more specifically, in relation to its initial capital requirements, own funds requirements, the authorisation requirements, the procedures for the withdrawal and suspension of its authorisation, the requirement for submission of data to the Securities and Exchange Commission, the liability it has for the performance of its duties and the delegation of such duties to a third person, the provisions of -

(a) the Alternative Investment Fund Managers Law or the relevant law of a member state transposing Directive 2011/61/EU, if it is an AIFM,

(b) the Open Ended Undertakings for Collective Investments Law or the relevant law of a member state transposing Directive 2009/65/EC, if it is a UCITS management company,

(c) the legislation of the Republic or the legislation of a Member State subject to which an AIF management company is authorised, for the investment management of AIFs, whose assets under management do not exceed the thresholds of article 4(2) of the Alternative Investment Funds Manager Law or the corresponding Article 3, paragraph 2 of Directive 2011/61/EU:

It is provided that, the provisions of paragraphs (b) and (c) shall apply to AIFLNPs as if the reference in this section to article 6(2) is a reference to article 125(1).

(2) When an IF is appointed as the external manager of an AIF, the following shall apply:

(a) the own funds of the external manager shall be adjusted taking into consideration the AIFs' assets under management·

(b) any delegation to a third party of functions to be

carried out by the external manager shall be performed in accordance with articles 20 to 22 of the Alternative Investment Fund Managers Law, which apply proportionately·

(c) the external manager shall always act in the best interests of the AIFs it manages, as well as their unitholders and, taking into consideration the aim to ensure the proper functioning and integrity of the market, shall be liable to the unitholders of the AIFs where negligence regarding the management of the AIFs is proven·

(d) the external manager, taking into consideration the nature of the AIFs it manages-

(i) shall employ proper administrative and accounting procedures, control and security arrangements regarding the electronic data processing and suitable internal control mechanisms that, especially include, rules regarding the personal transactions of its employees or the possession or management of investments in financial instruments for the purpose of conducting investments in own account and that ensure, at least, that–
(A) for every transaction relating to the AIF it is possible to determine its origin, the parties to the transaction, its character and the place and time conducted·
(B) that the assets of the AIF, managed by the external manager, are invested in accordance with the fund rules or instruments of incorporation of the AIF, as well as the relevant legislation·

(ii) shall, proportionately, apply articles 17(3) to (5) and take all reasonable steps to identify conflicts of interest that arise in the course of managing AIFs-
(A) between the external manager, including the persons who effectively direct its business, its employees or any person directly or indirectly linked to the external manager by close links and its clients, and the unitholders of the AIF· or
(B) between the AIF under its management or the unitholders of that AIF, and another AIF under its management or the unitholders of the that AIF· or
(C) between the AIF under its management or its unitholders, and another client of the external manager· or
(D) between the AIFs under its management· and

(iii) shall have in place appropriate procedures to ensure the proper handling of complaints of the unitholders of the AIF·

(iv) shall, proportionately, apply article 16 in relation to risk management and article 18 in relation to liquidity management·

(v) shall establish and maintain an internal audit and a legal compliance function, which, where appropriate and proportionate in view of the range, nature, scale and complexity of its business, are independent from the other functions and activities of the external manager.

(3) By way of derogation from sections (1) and (2), for the delegation of functions relating to the AIF's assets, which are not financial instruments, the external manager may, if it is not an AIFM, delegate the performance of such functions to a third party which may provide the delegated function within the context of its professional or business activities, for the performance of which is subject to professional registration, recognized by the law or an administrative authority or by professional conduct rules· the third party who undertakes the delegated function has to provide sufficient financial and professional guarantees to be able to effectively perform the delegated function and to fulfil any obligation arising out of such undertaking:

It is provided that the external manager's liability shall not be affected by the fact that the external manager has delegated functions to a third party, pursuant to this section.

(4) The Securities and Exchange Commission may, by means of a directive, specify any detail or technical matter regarding the application of sections (2) and (3).

Resignation and replacement of the external manager

25. (1) The external manager may resign from the management of the AIF only where a substitute has been appointed in accordance with the provisions of sections (2) to (5), unless the AIF after the resignation of its external management becomes internally managed AIF subject to articles 12 and 13:

It is provided that the provisions of this section shall apply to AIFLNPs as if the reference to article 13 is a reference to article 126.

(2) The replacement of the external manger of the AIF, for any reason, is subject to the Securities and Exchange Commission's approval, which approves the appointment of the new external manager, taking into consideration the unitholders' interests

(3) The Securities and Exchange Commission, along with its decision for the replacement of the external manager, may impose any measure or condition it sees fit in order to secure the unitholders' interests.

(4) The new external manager substitutes the previous one in respect of its rights and obligations. The previous external manager shall remain fully liable for its actions and omissions until the new external manager undertakes its duties.

(5) The replacement of the external manager of the AIF shall produce a relevant amendment to the fund rules or the instruments of incorporation of the AIF, which shall be communicated to its unitholders, in accordance with the provisions of the fund rules or the instruments of incorporation.

Chapter 6: AIF Depositary

Appointment of AIF Depositary

26. (1) Articles 23 to 28 of the Alternative Investment Fund Managers law shall apply in relation to depositaries appointed by an AIFM, which is an internally managed AIF, or by an AIF which is externally managed by an AIFM.

(2) The provisions of this Chapter shall apply in relation to depositaries appointed for an AIF, other than section (1).

(3) Subject to the provisions of section (4), the assets of the AIF shall be entrusted for safekeeping to a depositary which-

(a) has its registered office in the Republic or in another member state, or a third country provided that:

(i) in the third country where the depositary is established, the depositaries are subject to prudential regulation and supervision, including minimum capital requirements,

(ii) the third country where the depositary is established is not listed as a Non-Cooperative by the FATF,

(iii) the third country has signed an agreement with the Republic, which fully complies with the standards laid down in Article 26 of the OECD Model Tax convention on Income and on Capital and ensures an effective exchange of information in tax matters including any multilateral tax agreements· and

(b) is a credit institution or an investment firm, or another category of institution established in a member state that is subject to prudential regulation and supervision and which falls within the categories of institutions determined by member states as eligible to be appointed as depositaries· for the purposes of this paragraph, an investment firm could also be an

undertaking authorised by a third country for the provision of safekeeping and administration of financial instruments for the account of its clients, including custodianship and related services such as cash/collateral management, which is subject to prudential regulation and supervision, including minimum capital requirements, which have the same effect as Union law and are effectively enforced.

(4) By way of derogation from section (3), the AIF which, in accordance with its investment policy, invests in assets which are not subject to custody, as provided by article 24(3)(a) of the Alternative Investment Fund Managers Law, may appoint as depositary an entity performing depositary functions within the context of its professional or business activities, for the performance of which the entity is subject to professional registration recognized by the law, or an administrative authority or by professional conduct rules· the entity has to provide sufficient financial and professional guarantees to be able to effectively perform the depositary functions and to fulfil any obligation arising out of such undertaking.

Depositary tasks and obligations.

27. (1) The depositary of the AIF is entrusted with the tasks provided for in article 24 of the Alternative Investment Fund Managers Law.

(2) The depositary shall act honestly, fairly, professionally and in the interest of the AIF and the unitholders of the AIF.

(3) A depositary shall not carry out activities with regard to the external manager or the AIF, in case it is internally managed, that may create conflicts of interest between the AIF, the investors of the AIF, the external manager, and itself, unless the depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks, and the potential conflicts of interest are properly identified, managed, monitored and disclosed to the investors of the AIF.

(4) The assets referred to in article 24(3) of the Alternative Investment Fund Managers law, shall not be reused by the depositary without the prior consent of the external manager or the AIF, in case it is internally managed.

Delegation of depositary tasks.

28. (1) The depositary may delegate to a third party only the tasks referred to in article 24(3) of the Alternative Investment Fund Managers Law, provided that the fund rules or instruments of incorporation permit so· the third party shall be eligible, subject to the legislation of its home country, to undertake depositary tasks.

(2) The delegation of the depositary functions in accordance with section (1) shall be communicated to the external manager of the AIF or to the AIF, in case it is internally

managed.

(3) The depositary may revoke the delegation of depositary tasks in accordance with section (1) at any time:

It is provided that the delegation shall be revoked when the tasks of the depositary are terminated, for any reason.

(4) The depositary shall exercise all due skill, care and diligence in the selection and the appointment of any third party to whom it wants to delegate parts of its tasks, and keeps exercising all due skill, care and diligence in the periodic review and ongoing monitoring of the third party, as well as the rules adopted and applied by the third party in relation to the delegated tasks· more specifically, the depositary shall ensure that the third party keeps, on an ongoing basis, the required records and accounts, in order to be able to segregate and identify, at any time and without any delay, the assets belonging to the depositary's clients from its own assets and from the assets belonging to the depositary.

(5) The third party, upon whom the depositary functions are delegated, subject to section (1), may further delegate those functions, either partly or in total, to another party, provided that the sub-delegation shall comply with the terms of the initial delegation. In the case of the above-mentioned sub-delegation, article 27(3) shall apply proportionately.

(6) The Securities and Exchange Commission may, by means of a directive, specify -

(a) the organizational requirements with which the depositary referred to in section (1) shall comply to be able to provide services as a depositary· and

(b) the terms and conditions regarding the delegation of depositary tasks.

Specific tasks of the depositary.

29. (1) The appointment of a depositary shall be evidenced by a written contract between the depositary and the external manager or the AIF, in case it is internally managed, which shall regulate the flow of information deemed necessary to allow the depositary to perform the depositary functions as set out-

(a) in the Alternative Investment Fund Managers Law or the legislation of another Member State which harmonises Directive 2011/61/EE respectively, in case the external manager is an AIFM; or

(b) in this Law, in all other cases.

(2) The depositary shall provide to the Securities and Exchange Commission the ability to receive, upon request, all

the information obtained by the depositary during the performance of its tasks, which are necessary or useful for the purposes of supervision of the AIF.

(3) The Securities and Exchange Commission may, by means of a directive, specify the technical matters or the details governing the deposit of the assets of the AIF for safekeeping to a depositary, or for the measures taken by the depositary to fulfil its duties in relation to the AIF, including the particulars that need to be included in the written contract referred to in section (1).

Depositary liability.

30. (1) The Depositary of an AIF not subject to the Alternative Investment Fund Managers Law shall be liable, in accordance with the laws of the Republic, towards the AIF or the unitholders of the AIF or the external manager of the AIF, for any loss suffered by any breach of its obligations.

(2) Liability to the unitholders of the AIF may be invoked either directly, or indirectly through its external manager or the AIF, in case it is internally managed, depending on the legal nature of the relationship between the depositary, the investors and the external manager or the AIF, in case it is internally managed· in case the external manager of the AIF fails to initiate any claims against the depositary within three (3) months from the submission of a written demand by a unitholder to the external manager, the unitholder may initiate a claim against the depositary himself.

(3) The depositary's liability shall not be affected by any delegation of the safekeeping task, either of the total or part of the assets of the AIF under its custody, to a third party· the depositary shall be jointly and severally liable with the third party for any loss caused by the third party to the persons referred to in section (1).

(4) The depositary may discharge itself from liability in accordance with the articles 27(4) and (5) of the Alternative Investment Fund Managers Law, which shall apply proportionately.

Independence between the depositary and the external manager of the AIF.

31. (1) The performance of the tasks of the external manager and the tasks of the depositary of an AIF must not be undertaken by the same person.

(2) The depositary and the external manager or the AIF, in case it is internally managed, shall perform their tasks independently and act exclusively in the interest of the unitholders of the AIF, regardless of whether they belong in the same group or not.

Resignation of the depositary.

32. (1) Where the depositary intends to resign from its tasks, it shall notify its intention, in writing, to the external manager or the AIF, in case it is internally managed, at least three (3) months before its resignation becomes effective.

(2) The external manager of the AIF or the AIF, in case it is internally managed, shall communicate the resignation of the depositary to the Securities and Exchange Commission immediately, and shall propose a new depositary, which satisfies the requirements of articles 26(3) or (4), to replace the resigning depositary.

(3) Where the external manager or the AIF, in case it is internally managed, unjustifiably delay proposing a new depositary which satisfies the requirements of articles 26(3) or (4), the resigning depositary shall propose a new depositary.

(4) The Securities and Exchange Commission shall either approve the choice of depositary or demand from the external manager or the AIF, in case it is internally managed, or the resigning depositary, to propose a new depositary.

(5) The resigning depositary shall, following the appointment of a new depositary, transfer all assets under its custody belonging to the AIF to the new depositary, as well as all necessary documents for the performance of its tasks by the new depositary.

(6) The resigning depositary shall continue to perform its tasks until the new depositary has fully taken over its tasks.

(7) The resignation and replacement of the depositary shall entail the amendment of the AIF's offering document and fund rules or instruments of incorporation.

Replacement of the depositary.

33. (1) The replacement of the depositary of the AIF shall take place in accordance with the terms included in the contract between the depositary and the external manager or the AIF, in case it is internally managed, following the prior approval of the choice of the new depositary by the Securities and Exchange Commission.

(2) In case of a serious breach of the depositary's obligations, or in order to protect the interests of the unitholders of the AIF in case the depositary fails to perform its tasks in the interests of the unitholders of the AIF, the Securities and Exchange Commission may demand from the external manager or the AIF, in case it is internally managed, to replace the depositary with a new depositary, following the prior approval of the choice of the new depositary by the Securities and Exchange Commission.

(3) An application for the replacement of the depositary can

also be filed by the external manager, on behalf of the AIF's unitholders, or the AIF, in case it is internally managed.

(4) Where the external manager or the AIF, in case it is internally managed, request the replacement of the depositary, they shall propose a new depositary which satisfies the provisions of articles 26(3) or (4), and inform the depositary under replacement of this.

(5) In the case of replacement of the depositary, the provisions of sections 32(4) to (7) shall apply proportionately.

Termination of the appointment of the depositary.

34. (1) The appointment of the depositary shall be terminated-

(a) in case of resignation or replacement of the depositary, on the condition that, until the new depositary takes over its tasks, the resigning depositary or the depositary being replaced continues performing its tasks and being subject to the obligations of the AIF depositary, as provided-

(i) in the Alternative Investment Fund Managers Law or the legislation of another Member State which harmonises Directive 2011/61/EE respectively, in case the external manager is an AIFM· or

(ii) in this Law, in all other cases·

(b) in case of dissolution of the depositary or its declaration in a state of special liquidation or administration or another relevant procedure·

(c) in case the Securities and Exchange Commission withdraws the authorisation of the AIF or demands the replacement of the depositary in accordance with section 33(2)·

(d) in the cases provided for in the fund rules or instruments of incorporation of the AIF.

Chapter 7: Subscriptions and redemptions of AIF units

AIF units.

35. (1) The rights deriving from the units shall be exercised in accordance with the percentage they represent out of the total assets, except of the voting rights, which are exercised in accordance with all of its units.

(2) AIF units shall be issued in the name of the unitholder.

(3) The subscriptions and redemptions of units shall take place in accordance with the conditions included in the fund

rules or the instruments of incorporation of the AIF and which may be specified in its offering document.

(4) The AIF may issue units of different classes, which are defined in its fund rules or instruments of incorporation.

Rules for the marketing of AIF units.

36. (1) For the marketing of AIF units and the subscription to AIF units by a unitholder, the following are required-

(a) a subscription application, submitted to the external manager or the AIF, in case it is internally managed, either in writing or electronic form·

(b) acceptance of the fund rules or instruments of incorporation of the AIF·

(c) full payment of the amount due for the acquisition of AIF units, as this is determined by the subscription price of the units-

(i) in cash, by depositing the amount in accounts opened by the external manager in the name of the AIF or in the name of the external manager acting on behalf of the AIF or in the name of the depositary acting on behalf of the AIF, or by the AIF, in case it is internally managed, in the name of the AIF or in the name of the depositary acting on behalf of the AIF, or

(ii) where this is acceptable by the external manager or the AIF, in case it is internally managed, in the form of other assets in which the AIF is allowed to invest in accordance with the investment policy of the AIF, and which are valued according to article 20(6) which applies proportionately· especially for real estate AIFs and venture capital AIFs, the means and the timing for the payment of the amount due for subscription to their units is governed by the relevant terms in their fund rules or instruments of incorporation.

(2) The subscription price of the units shall be calculated in accordance with the specific provisions included in the fund rules or instruments of incorporation of the AIF, in accordance with the provisions of this Law. The fund rules or instruments of incorporation of the AIF shall determine the final date for the submission of subscriptions applications, so that the subscribed units are valued at the subscription price of the next scheduled subscription date following the submission of the application.

(3) (a) The external manager or the AIF, in case it is internally managed, shall provide the applicant, free of charge, with the offering document of the AIF, its fund

rules or instruments of incorporation and its latest annual and half-yearly reports and shall disclose to the applicant the latest net asset value of the AIF or the latest market price of its units, in accordance with article 20, before signing the subscription application.

(b) Where the AIF is managed by an AIFM or in the case of an AIFM, which is an internally managed AIF, the investor shall receive the information referred to in article 30(1) and (2) of the Alternative Investment Fund Managers Law, before signing the subscription application.

(c) An open ended AIF addressed to retail investors shall issue a key investors' information document, the content of which shall be in compliance with the Regulation No. 583/2010, which shall be given to the applicant by the external manager or the AIF, in case it is internally managed, in addition to the documents mentioned in paragraphs (a) and (b) above, free of charge, before signing the subscription application.

(4) The external manager or the AIF, in case it is internally managed, may also market its units through credit institutions, investment firms, UCITS management companies which fall under the scope of the Open Ended Undertakings in Collective Investments Law and AIFMs.

(5) The marketing of AIF units by the persons of section (4) or by other persons acting as their representatives, shall take place in accordance with the provisions of the Investment Services and Activities and Regulated Markets Law, as amended, which regulates the investment service of reception and transmission of orders, without prejudice to any specific provision of this Law.

(6) The Securities and Exchange Commission may, by means of a directive, specify -

(a) any technical matters or details related to the application of sections (1) to (5), the qualifications and the procedure for the certification of the persons that participate in the marketing network of units of AIFs, including the qualifications and obligations of such persons·

(b) the conditions under which the electronic submission of the application for subscription in units shall be possible, specifying the security measures which the external manager of the AIF itself, in case it is self-managed, shall establish to ensure the investors' protection.

Issue free-of- 37. The issue of free-of-charge AIF units is permitted, provided

charge AIF units.

that this is explicitly permitted by the fund rules or instruments of incorporation of the AIF.

Disclosure to investors regarding the net asset value and the subscription and redemption price of AIF units.

38. The fund rules or instruments of incorporation of the AIF shall specify the way the net asset value of AIF units, as well as the subscription price and redemption price of AIF units, are disclosed to investors.

Marketing of AIF units to professional investors in the Republic.

39. The Securities and Exchange Commission may, by means of a directive, specify the rules to be followed by AIFs, when marketing their units in the Republic.

Marketing of AIF units to retail and well informed investors in the Republic.

40. (1) An AIFM, which is an internally managed AIF, or an AIF externally managed by an AIFM, can market its units to retail investors in the Republic in accordance with article 67 of the Alternative Investment Fund Managers Law.

(2) The marketing of the units of an AIF, which does not fall within the scope of section (1), to retail and/or well informed investors in the Republic, shall take place after the relevant authorisation of the AIF by the Securities and Exchange Commission, in accordance with article 13.

(3) The Securities and Exchange Commission may, by means of a directive, specify details for the application of this article and the procedure for the marketing of units of such AIFs, in the Republic.

Marketing of AIF units to another member state or third country.

41. (1) The external manager or the AIF, in case it is internally managed, may market in another member state or third country, the units of the AIF to professional and/or well informed investors, only if this is allowed by the legislation of that member state or third country, respectively, or to retail investors, as the case is, under the following conditions:

(a) in the case of marketing to another member state of units of an AIF managed by an AIFM, or units of an AIFM which is an internally managed AIF, the notification procedure of article 32 of Directive 2011/61/EU applies, provided that said article 32 is applicable·

(b) in the case of marketing of units of an AIF that does not fall within the scope of paragraph (a) in another

member state or third country, a notification shall be submitted to the Securities and Exchange Commission accompanied by the following documents or information:

(i) the member state or third country where the AIF intends to market its units, and

(ii) the arrangements made in relation to the marketing of the AIF units in the member state or third country.

(2) Before the marketing of the units of the AIF in the member state or third country begins, in accordance with paragraph (b) of section (1), the external manager or the AIF, in case it is internally managed, shall submit to the Securities and Exchange Commission, a confirmation by the competent authorities of the member state or the third country, that the appropriate marketing procedures regarding the marketing of units of the AIF in its jurisdiction, provided by the legislation of the host country, has been followed.

(3) The Securities and Exchange Commission may, by means of a directive, specify any technical matter or detail regarding the application of this article.

Redemption of AIF units.

42. (1) (a) The redemption or repurchase of units of an AIF shall take place in accordance with the conditions stated in the fund rules or the instruments of incorporation of the AIF, as these may be further specified in its offering document.

(b) The units are redeemed at the redemption price of the next scheduled redemption date after the submission of the redemption application, as this price is specifically determined in the fund rules or instruments of incorporation of the AIF.

(c) The fund rules or instruments of incorporation of the AIF shall determine the final date for the submission of redemptions applications, so that the redeemed units are valued at the redemption price of the next scheduled redemption date following the submission of the application.

(2) For the redemption of units of the AIF, the unitholder shall submit a written or electronic application to the external manager or the AIF, in case it is internally managed.

(3) The value of the redeemed AIF units shall be paid in cash or in kind, if this is provided in the fund rules or instruments of incorporation of the AIF; in case of a traded AIF, the value of the redeemed AIF units shall be paid in securities related with the composition of the index replicated in the AIF's portfolio. The relevant payment shall take place within the period provided in the fund rules or the instruments of incorporation

of the AIF.

(4) An application to transfer a unitholder from one investment compartment of the AIF to another investment compartment of the same AIF, or from one AIF to another AIF, is equivalent with a redemption application for the units of the original AIF, or its investment compartment and with the subscription of units in the new AIF or the new investment compartment of the same AIF.

Suspension of the redemption or repurchase of AIF units.

43. (1) (a) The suspension of redemption or repurchase of units of an AIF is only allowed in exceptional cases where this is required by the circumstances or in cases provided in the fund rules or instruments of incorporation of the AIF and in any case, if this is justified by the interest of the unitholders.

(b) The relevant suspension of redemption or repurchase requires the previous decision by the external manager or the AIF, in case it is internally managed, and the relevant authorisation by the Securities and Exchange Commission and shall be communicated, by the external manager or the AIF, in case it is internally managed, to the competent authorities of the other countries where the units of the AIF are marketed, and its unitholders.

(c) The decision referred to in paragraph (b) shall define the timeframe of the suspension of the redemption or repurchase and any extension of this timeframe is only permitted in compliance with the procedure provided in paragraph (b):

It is provided that, by way of derogation from paragraph (c) above, the Securities and Exchange Commission may decide the extension of the suspension period, where this is justified by the interest of the unitholders of the AIF and the necessity to ensure the proper functioning of the market.

(2) In case the circumstances under which the suspension of redemption or repurchase of the units of the AIF has been decided, cease to exist before the end of the suspension period, the external manager or the AIF, in case it is internally managed, shall terminate the suspension and notify the Securities and Exchange Commission and the competent authorities of the other countries where its units are marketed.

(3) By way of derogation from section (1), the Securities and Exchange Commission may-

(a) decide, as long as it considers that it is to the investors' interest or the safeguarding of the proper

functioning of the market, the suspension of the redemption or repurchase of AIF units, when the provisions of the applicable legislation or of the fund rules or of the instruments of incorporation of the AIF are not complied with or any other agreements that govern its function,

(b) extend the suspension period of paragraph (a), for as long as it considers this is necessary for the investors' interest or this is required to ensure the proper functioning of the market,

(c) terminate the suspension of the redemption or repurchase if it determines that before the end of the suspension period, or its extension, the reasons on which the suspension had been decided, cease to exist:

It is provided that, every decision of the Securities and Exchange Commission in accordance with this section is immediately notified to the external manager or the AIF, in case it is internally managed.

(4) During the suspension period, neither the submission of an application for redemption or repurchase of units is allowed, nor the redemption or repurchase of units by the unitholders.

Suspension of the redemption or repurchase of AIF units.

44. The issue or redemption or repurchase of units is not allowed-

(a) for as long as the AIF, which is not internally managed, has not an appointed external manager, or

(b) for as long as the AIF has not appointed a depositary although it is obliged to do so in accordance with the provisions of -

(i) the Alternative Investment Fund Managers Law or the legislation of another Member State which harmonises Directive 2011/61/EE respectively, in case the external manager is an AIFM, or

(ii) the provisions of this Law, in all other cases, or

(c) where the external manager of the AIF, which is not an internally managed AIF, or the depositary of the AIF, is dissolved or put into liquidation, or administration or under a similar procedure, and a replacement has not been appointed.

Chapter 8: Special provisions

Part 1 – Common fund

General provisions regarding a common fund.

45. (1) The common fund is a pool of assets which shall fulfil the following conditions:

(a) It is the subject of collective management to the benefit of its unitholders, which are co-owners of each of the assets that comprise its portfolio and are liable only up to the amount of their contribution, which is expressed in units of the common fund;

(b) it is separated from the entity that manages it and is not liable for the obligations of this entity or its unitholders, but is only subject to the obligations and the expenses provided for in the Law or are specifically stated in its regulation; and

(c) it is authorised to operate as a common fund in accordance with Chapter 2 of Part II.

(2) The portfolio management of the common fund shall be exercised by an external manager in accordance with article 6(2)(b).

(3) (a) The common fund has no legal personality, while its unitholders shall be legally represented by its external manager with regard to the legal relationships arising from the management of the common fund and to their rights regarding its assets.

(b) Where the external manager represents the unitholders of the common fund, it shall act on its own name, underlying however, that it acts on behalf of the common fund.

(c) The external manager shall manage the common fund, exclusively in the interest of its unitholders and shall exercise all the rights that derive from the assets of the common fund.

(4) The unitholders of the common fund shall not be liable for any actions or omissions of the external manager or the depositary, in the exercise of their duties. The common fund shall not be liable for the obligations of its external manager and the depositary.

(5) The assets of the common fund shall be divided in units or fractions of units on the name of the unitholder, each of which shall represent the same percentage on its total assets. The rights derived from the units shall be exercised in relation with the percentage of total assets that they represent, with the exemption of the voting rights, which shall be exercised in

accordance with the whole unit.

Unitholders Register of the common fund.

46. (1) The units of the common fund shall be recorded in the Unitholders Register, maintained by its external manager and monitored with recordings in it; these recordings shall prove the contribution in the common fund.

It is provided that, the Unitholders Register can also be kept in the form of an electronic register.

(2) The participation of unitholders and co-unitholders shall be recorded In the Unitholders Register.

(3) The Unitholders Register shall contain the following:

(a) the name and last name of the unitholder, or the name, in case of a legal persons

(b) the address of the unitholder, or the address of the registered office in case of legal persons, or, in case of foreign legal persons, the registered seat, the address and the registration number, the address and the corporate number, if applicable

(c) the identity or passport number of the unitholder

(d) the number of units; and

(e) all information which is the minimum content for the personalisation of the unitholder and its units.

It is provided that, in case of joint holdings, the above information shall be recorded for all joint unitholders in the Unitholders' Register.

(4) The external manager of the common fund shall ensure that the depositary has a comprehensive and continuous access in the Unitholders' Register.

Joint unitholders of the common fund.

47. (1) (a) Where the holders of the units of the common fund are more than one natural person ("joint unitholders"), each of them, as joint unitholder, may use the units of the common share partially or in total, without the collaboration of the others joint unitholders.

(b) The ways joint units are used shall be specified at the opening of a joint unitholders' share account (μερίδα), by all the joint unitholders or by the joint unitholder who submitted the subscription application in the common fund and paid the consideration for the acquired units.

(c) In the case of redemption of units after the unitholder's request, which may use the units without

the collaboration of the other unitholders, the external manager of the common fund and the depositary shall not be liable to pay any amount to the other joint unitholders related to the value of the redeemed units, in accordance with paragraph (a).

(2) At the opening of the joint account of the joint unitholders in accordance with section (1), may be defined that in case of death of any of the unitholders, his units shall be automatically transferred to the rest of the joint unitholders of the account, to the last of them:

It is provided that, no inheritance tax or any other charges are due from the transfer of the units to the rest of the living joint unitholders.

(3) To add a new beneficiary on a common fund unit, the written consent of the external manager of the common fund and of all the joint unitholders of the account is required, while the removal of an existing joint unitholder requires his express written consent:

It is provided that, the information regarding the new unitholder shall be included in the Unitholders' Register and the information regarding the unitholder which ceased to be a joint unitholder shall be deleted.

(4) In the case of application of section (1), a confirmation of participation per account is issued regarding the joint unitholders' units in accordance with the provisions of article 48, which shall include the names of all joint unitholders.

Confirmation of participation into a common fund.

48. (1) (a) Without prejudice to the application of article 36(1)(c), the external manager of the common fund shall issue, upon request by a unitholder or joint unitholder of units, a confirmation of participation to or redemption from the common fund.

(b) The unitholder may request a confirmation regarding the registration of a pledge upon the unitholders' units in the Unitholders' Register. The lender may also request the issue of the confirmation regarding the registration of a pledge of units.

(2) The confirmation of section (1) may also illustrate all contributions in one or more common funds managed by the same external manager.

Transfer of common fund units.

49. (1) The units of the common fund shall be freely transferable, without prejudice to the fund rules which may specify any restrictions in the transfer of units.

(2) The transfer of units of a common fund shall be disclosed to its external manager, who shall approve the transfer, and

which shall apply from the date of the above mentioned approval, unless the transfer is conducted through the stock market, in case of units that have been listed for trading, where the transfer is subject to the respective general and specific provisions regarding the relevant transaction.

(3) The external manager of the common fund shall update the Unitholders' Register about the transfer by removing the transferred units from the transferee account and recording them in the acquirer's account.

(4) The external manager of the common fund shall issue, at the acquirer's request, a confirmation of the contribution on its name, in accordance with article 45.

Pledge of common funds units.

50. (1) The units of the common fund may be used as collateral to secure a claim.

(2) (a) The collateral shall be valid and shall take effect against the external manager of the common fund, from the date it is disclosed to the external manager.

(b) In case the units are listed for trading in a market, on the condition that the necessary procedures regarding the registration of the collateral in the records kept in the context of the operation of the relevant market have been made.

(c) The external manager of the common fund shall record the pledge in the Unitholders' Register.

(3) The lender shall be satisfied once the pledged units have been redeemed and the payment of the redemption proceeds to the lender, until the redemption of all the pledged units.

(4) Where the pledged units of the common fund, are not redeemed in total, the lender shall maintain its right on the collateral as to the remaining pledged units, without having to conclude and disclose a new collateral agreement.

(5) The external manager of the fund shall record in the Unitholders' Register the elimination of the pledged units.

Common fund rules.

51. (1) The fund rules of the common fund shall be a single document even when the common fund is an umbrella AIF The fund rules are prepared by its external manager and approved by the Securities and Exchange Commission.

(2) With its subscription in units of the common fund, the unitholder is presumed to have accepted the common fund rules.

(3) The common fund rules, which are also signed by the

depositary, where one is appointed, shall contain at least:

(a) the name of the common fund, its external manager and the name of its depositary;

(b) the investment objective of the common fund, from which the investment goals and its investment policy are determined;

(c) the category of investors to which it is addressed;

(d) the duration of the common fund or the reference that its duration is indefinite;

(e) the valuation principles and valuation policies of its assets, the rules for the calculation of its net asset value, of the issue and redemption or repurchase price and the way of disclosing these prices to the investors; where the common fund is managed by an AIFM, the additional information referred to in article 19(1) and (2) of the Alternative Investment Fund Managers Law;

(f) the conditions for the issue, marketing, cancellation and redemption or repurchase of units and the conditions under which the redemption or repurchase of the units may be suspended and reference to the fact that the suspension, redemption or repurchase may be decided by the Securities and Exchange Commission at its own initiative;

(g) the duration of the financial year and its closing date;

(h) the remuneration and commissions of the external manager of the common fund and its depositary as well as the method of calculation of the above remuneration and commissions;

(i) the expenses charged on the common fund;

(j) the rules of the distribution of the common fund's proceeds and profits to the unitholders and in particular the time and procedure of the distribution;

(k) the procedure of the amendment of the common fund rules;

(l) the reasons for the dissolution of the common fund;

(m) a term forbidding the issuance of bearer units.

(4) (a) The common fund rules are amended by its external manager and the amendment shall also be signed by the depositary and approved by the Securities and

Exchange Commission.

(b) The valid amendments of the fund rules are immediately communicated to the unitholders, whom they bind.

(5) In case the common fund is of the open-ended type, the unitholders have the right to request the redemption or repurchase of their units in accordance with the provisions of the rules prior to their amendment -

(a) within ten (10) calendar days from the notification of the amendment to them, where the redemption or repurchase of units takes place on a daily basis;

(b) within one (1) month from the notification of the amendment to them, where the redemption or repurchase of units takes place, at least, weekly;

(c) by the date at which the one after the next scheduled date of redemption or repurchase of units shall take place, where the redemption or repurchase takes place on a monthly basis; and

(d) by the next scheduled redemption or repurchase date, in every other case, on the condition that between the notification of the amendment to the unitholders and the expiry of the right of redemption or repurchase of their units according to the provisions of the rules prior the amendment, there is a time period of, at least, thirty (30) days.

(6) In case the common fund is of the closed-ended type, the unitholders have the right to request the redemption or repurchase of their units in accordance with the provisions of the fund rules prior to their amendment, within three (3) months from the date of the notification of the amendment to them.

(7) The common fund rules shall be drawn up in an official language of the Republic or in an official language of the Republic and in English or only in English, if the information of article 12 regarding the authorisation of the common fund has been submitted to the Securities and Exchange Commission only in English in accordance with article 12(7).

Dissolution and liquidation of the common fund.

52. (1) The common fund is dissolved for one of the following reasons:

(a) in case the Securities and Exchange Commission withdraws its authorisation in accordance with article 53

(b) after a relevant decision of its external manager, if he considers that the continuation of the operation of the common fund is not in the interests of its unitholders

(c) when the period of its operation provided in its rules, lapses, unless the rules are amended before the end of the period of operation of the common fund, so that the period of its operation is extended or becomes indefinite;

(d) with the occurrence of an event which, according to the fund rules of the common fund, constitutes a reason for its dissolution

(e) in the case of dissolution, resignation, liquidation or withdrawal of authorisation of the external manager or the depositary and a replacement is not appointed;

(f) in case of full redemption of its units;

(g) following a relevant decision by its external manager, in case the assets of the common fund are reduced to the one fourth (1/4) of the minimum assets provided for in article 14(1) and this reduction lasts for more than six (6) months· before the common fund raises the assets provided for in article 14(1), it shall not be considered to have been reduced;

(h) following a relevant decision by its external manager, which can be taken in case the common fund assets are reduced and fall below the two thirds (2/3) of the minimum assets requirement, as specified by article 14(1):

It is provided that, the external manager shall disclose, without undue delay, the fact that the assets of the common fund were reduced as mentioned in this section, to the Securities and Exchange Commission which may demand the dissolution of the common fund.

(2) The unitholders of the common fund and their lenders may not request the dissolution of the common fund and the distribution of its assets.

(3) The following shall apply in case of dissolution and liquidation of a common fund:

(a) the dissolution of the common fund is followed by its liquidation, which results to the distribution of its assets, under the responsibility of its liquidator. The common fund shall be considered as dissolved and liquidated once the information provided for in section (5) is communicated to the Securities and Exchange

Commission.

(b) The external manager of the common fund is appointed as liquidator, unless the dissolution is due to a fact provided in paragraph (e) of section (1) and is related to the external manager; in this case the liquidator of the common fund is appointed by the depositary. Where the fact provided in paragraph (e) of section (1) is related to the depositary, the liquidator is appointed by the Securities and Exchange Commission by its decision, and article 25(3) to (5) shall apply proportionately.

(c) The liquidator shall not delegate its duties regarding liquidation to a third party.

(d) In case the liquidator does not exercise its duties diligently, the Securities and Exchange Commission may appoint a replacement of the liquidator following the request of any person who has a legitimate interest therein.

(4) (a) Where the common fund is under liquidation, the issue of new units is not possible, unless it serves the purpose of liquidation. The redemption of units is still possible provided that the equal treatment of the unitholders is ensured.

(b) The depositary of the common fund shall exercise its duties until the process of distribution of its assets finishes. The unitholders shall be satisfied from the liquidation proceeds when any kind of claim against the common fund is settled.

(5) The result of the distribution of the common fund's assets shall be showed in a special report of an independent auditor, which is communicated to the Securities and Exchange Commission and to the competent authorities of the countries where the units of the common fund are marketed, while the relevant report shall be at the disposal of its unitholders at the points of marketing of its units:

It is provided that, the auditor of the common fund shall be considered independent for the purpose of application of this section.

(6) The dissolution of the common fund and the reasons for its dissolution are communicated, immediately, by the external manager to the depositary of the common fund, its unitholders and the Securities and Exchange Commission. The external manager shall submit to the Securities and Exchange Commission, without undue delay, a copy of the above mentioned communication to the unitholders and the depositary of the common fund.

(7) In case the common fund is an umbrella fund, its dissolution takes place when its last remaining investment compartment is dissolved, in accordance with article 9(7).

(8) The Securities and Exchange Commission may, by means of a directive, specify any technical matter or detail regarding the application of this article.

Withdrawal of common fund authorisation.

53. (1) The Securities and Exchange Commission may decide to withdraw the authorisation of the common fund when-

(a) it has obtained the authorisation by making false statements or by any other irregular means; or

(b) in case the minimum assets are not raised within the timeframe provided for in article 14(1)(a); or

(c) in case the minimum assets are not raised within the extended timeframe provided for in article 14(1)(b).

(2) The Securities and Exchange Commission may revoke the authorisation of a common fund:

(a) if its external manager does no longer complies with the terms of authorisation of the common fund or with its obligations as these derive from –

(i) the Alternative Investment Fund Managers Law or the legislation of another Member State which harmonises Directive 2011/61/EE respectively, in case the external manager is an AIFM, or
(ii) the Open Ended Undertakings on Collective Investments Law or the legislation of another Member State which harmonises Directive 2009/65/EC respectively, in case the external manager is a UCITS management company, or
(iii) the legislation of the Republic or the legislation of a Member State subject to which an AIF management company is authorised, for the investment management of AIFs, whose assets under management do not exceed the thresholds of article 4(2) of the Alternative Investment Funds Manager Law or the corresponding Article 3, paragraph 2 of Directive 2011/61/EU, or
(iv) the provisions of this Law, in all other cases, or

(b) if the common fund no longer satisfies the required conditions or the conditions taken into consideration for its authorisation by the Securities and Exchange Commission.

(3) In the cases of section (2), the Securities and Exchange Commission may set a deadline to the external manager of the common fund to comply. Where the external manager fails to comply within the set deadline, the authorisation of the common fund may be revoked.

(4) The Securities and Exchange Commission, in the cases of sections (1) to (3), shall communicate its decision regarding the withdrawal of the authorisation, to the external manager of the common fund and to the competent authorities where the units of the common fund are marketed.

(5) Following the communication of the decision of the Securities and Exchange Commission regarding the withdrawal of the authorisation of the common fund to its external manager, the common fund is dissolved and put into liquidation in accordance with article 52.

Part 2 – Fixed or variable capital investment company

General provisions regarding an investment company.

54. (1) An AIF which operates in the form of an investment company shall have either fixed or variable capital, and can be either an internally managed AIF or appoint an external manager to undertake the AIF management in accordance with article 6(2):

It is provided that the provisions of this section shall apply to AIFLNPs as if the reference to article 6(2) is a reference to article 125(1).

(2) The investment company has the legal form of a limited liability company with shares, whose sole purpose is the collective management of its portfolio, carrying out the relevant transactions to the benefit of its unitholders, either by itself where it is internally managed, or through the appointment of an external manager.

(3) By way of derogation from the provisions of the Companies Law, in case of a variable capital investment company, the procedure of increase and reduction of its capital shall be determined in its instruments of incorporation.

(4) An existing company, which at the date of application of this Law is registered in accordance with the Companies Law, may convert in a variable capital investment company and operate as an AIF authorised subject to article 13, upon the submission of a relevant application and authorisation by the Securities and Exchange Commission, provided that it fulfils the conditions of Part II, which in such a case applies as if the relevant company was an AIF.

Application of the provisions of the

55. (1) (a) The fixed or variable capital investment companies, are governed by the provisions of this Law and, additionally, by the provisions of the Company Law:

Company Law and special Company Law arrangements.

It is provided that, articles 4A, 7(2) to (7), 31, 32, 38 to 46, 47, 47A to 47E, 49, 50, 51, 51A, 53(1)(b) and (c) and (3), 55, 56, 57, 57A to 57F, 78, 104, 107, 108(2), 113A, 114 to 116, 158 to 169, 169A to 169F, 187, 211(d), 213(1)(a)(i) and 355 to 361 of the Company Law, as well as its provisions regarding the division of companies shall not apply to investment companies:

It is further provided that, articles 4(4)(a), 6, 60 to 62 and 64 to 69 of the Company Law, shall not apply to variable capital investment companies.

(b)The provisions of article 3(1) of the Company Law shall apply to an investment company as if the word "seven" (first sentence) is replaced by the word "one".

(c) The members' register provided in the Company Law shall be kept in accordance with the provisions of this Law regarding the Unitholders' Register.

(d) When an investment company, which is a private company, amends its memorandum so that it no longer meets the requirements set out in article 29 of the Company Law to be considered as a private company, shall no longer be a private company and must within fourteen (14) days from the day of this change, file with the Registrar and the Securities and Exchange Commission the relevant notification, along with a resolution for the amendment of its memorandum.

(2) By way of derogation from any other provision of the Company Law, the investment companies are not required to make available to their unitholders the full set of their financial statements, which include the relevant auditors' and directors' reports. However, where a unitholder requests to receive the above mentioned statements, the investment company shall satisfy that request, providing the requested documents in either electronic or printed form, at its discretion, unless the unitholder requests to receive the documents in a specific form, where the investment company shall provide them to him in that form.

(3) The provisions of the Company Law regarding the convocation and conduct of general meetings of listed companies on a regulated market shall apply to investment companies proportionately, irrespective of whether they are listed on a regulated market or not.

(4) The investment companies are not required to create

reserves.

Investment company set up as internally managed AIF.

56. (1) An investment company may not appoint an external manager in the cases provided in section 6(2)(a) of the Law. Where the investment company has not appointed an external manager, any references in the Law to the external manager shall deem as references to the investment company:

It is provided that the provisions of this section shall apply to AIFLNPs as if the reference to article 6(2)(a) is a reference to article 125(1)(a).

(2) In case of an internally managed AIF, which takes the form of an investment company-

(a) The Securities and Exchange Commission shall grant authorisation to it subject to article 13, only if it satisfies the following conditions:

(i) the application for authorisation is accompanied by the operations manual, which includes, at least, the organisational structure of the investment company, as well as how it will comply with its obligations,

(ii) the persons who effectively direct the business of the investment company are of sufficiently good repute are of sufficiently good repute and possess sufficient knowledge, abilities and experience in relation to the activity they perform. For this purpose, the names of the persons who effectively direct the business of the investment company and of every person succeeding them in office are immediately communicated to the Securities and Exchange Commission. The business of the investment company is conducted by, at least, two (2) persons who meet the above mentioned conditions;

(iii) where close links exist between the investment company and other natural and legal persons, the Securities and Exchange Commission grants authorisation only if those close links do not prevent the effective exercise of its supervisory duties;

(iv) the investment company has the appropriate shareholding structure, the required organisational structure and staff and the appropriate economic and technical resources in order to be in the position to provide its services in accordance with the provisions of the Law; for this purpose, the Securities and Exchange Commission shall immediately be informed of the name of the persons that have qualifying

holdings in the investment company, the amount of their holdings and any information that allows the Securities and Exchange Commission to assess their suitability;

(v) complies with article 21, which applies proportionately;

(vi) complies with article 58(2).

(b) subject to the conditions of paragraph (a), the provisions of articles 12 and 13 shall apply regarding the granting of authorisation to an AIF;

(c) the board of directors shall undertake the duties and responsibilities of the external manager, which shall appoint, at least, one (1) person responsible for the portfolio management, who meets the following conditions:

(i) he holds academic qualifications and/or has experience related to the assets in which the AIF is allowed to invest,

(i) he is certified to provide portfolio management service in accordance with the provisions of the Investment Services and Activities and Regulated Markets Law, as amended,

(iii) he is registered in the public register kept by the Securities and Exchange Commission, in which the persons who succeed in the exams of the Securities and Exchange Commission are registered.

(d) the investment company shall establish and maintain internally the legal compliance function and-

(i) if it is addressed to retail investors, shall establish and maintain the internal audit function· the legal compliance and internal audit functions shall be independent from the other functions and activities of the investment company,

(ii) if it is addressed to professional and/or well informed investors, and if it is appropriate and proportionate in view of the range, nature, scale and complexity of its business, the investment company shall establish and maintain the internal audit function· the legal compliance and internal audit functions shall be independent from the other functions and activities of the investment company·

(e) articles 20 to 22 of the Alternative Investment Fund Managers Law and articles 75 to 82 of Regulation (EU) No. 231/2013, shall apply proportionately.

Operating conditions.

57. (1) An investment company may start its operations only if it has been authorised by the Securities and Exchange Commission in accordance with:

(a) article 13, in case it is an internally or externally managed AIF, which operates in the form of an investment company in accordance with article 6(2):

It is provided that, the provisions of this paragraph shall apply to AIFLNPs as if the reference to article 6(2) is a reference to article 125(1), and the reference to article 13 is a reference to article 126.

(b) article 8 of the Alternative Investment Fund Managers Law, in case it is an AIFM, which is an internally managed AIF, which operates in the form of an investment company in accordance with article 6(2)(a).

(2) The internally managed AIF, which operates in the form of an investment company in accordance with article 6(2)(a) shall not engage in activities other than those referred to in article 6(1):

It is provided that, the provisions of this section shall apply to AIFLNPs as if the reference to article 6(2)(a) is a reference to article 125(1)(a).

(3) Without prejudice to Union law, an AIF which operates in the form of an investment company which is authorised by the Securities and Exchange Commission shall have its registered office in the Republic.

(4) Without prejudice to article 56, an external manager shall be appointed for the AIF management of the investment company.

(5) The safekeeping of the assets of the investment company shall be entrusted to a depositary in accordance with the provisions of Chapter 6 of Part II.

Name , designation, capital and shares.

58. (1) The name and designation of the investment company shall comply with the provisions of article 4(2)(b).

(2) Without prejudice to the provisions of article 14(1), an internally managed AIF which operates in the form of an investment company, excluding an AIFM which is an internally managed AIF, shall have, at any time, either in cash or assets readily convertible to cash, an initial capital of at least one hundred and twenty five thousand euro (€125.000)· the own funds shall not be calculated in the assets of the AIF which are used for investment purposes, and in case the own

funds consist of cash, they shall be deposited into an account of a credit institution established in a member state, in the name of the AIF.

(3) (a) The capital of the variable capital investment company shall be divided in shares without nominal value, but with variable value, and shall be equal to its respective net asset value after deducting its liabilities.

(b) The units of the investment company can only be issued in the name of the unitholder and shall be fully paid to be issued. Fractions of units shall not be recognised.

(4) The units of the investment company shall be registered in the Unitholders' Register in accordance with article 46, which applies proportionately· a confirmation for participation in the investment company shall be issued in accordance with article 48 which applies proportionately:

It is provided that, the marketing price, redemption price or repurchase price given to units of the investment company shall be calculated as the result of the net asset value divided by the number of the issued units, increased by the commissions for the marketing or reduced by the commissions for the redemption or repurchase of units, accordingly.

(5) The provisions of articles 47, 49 and 50 shall apply proportionately to the units of the investment company.

Content of instruments of incorporation of an investment company.

59. (1) The instruments of incorporation of the investment company shall be a single document even when the investment company is an umbrella AIF. The instruments of incorporation of the AIF are prepared by-

(a) the investment company, in case the AIF is internally managed in accordance with article 6(2)(a), or

(b) its external manager, in case the AIF is externally managed in accordance with article 6(2)(b),

and approved by the Securities and Exchange Commission:

It is provided that, the provisions of this section shall apply to AIFLNPs as if the reference to article 6(2) is a reference to article 125(1).

(2) By acquiring units of an investment company, it is presumed that the unitholder has accepted its instruments of incorporation.

(3) The instruments of incorporation of an investment company, in addition to the information required by the Company Law, when this is not in conflict with this Law, shall contain, at least, the following:

(a) the name of the company and if it is a variable or a fixed capital investment company, the name of the external manager, where an external manager is appointed, and the name of the depositary

(b) the investment objective of the investment company, from which the investment goals and its investment policy are determined;

(c) the category of the investors to which it is addressed;

(d) the duration of the investment company or the reference that its duration is indefinite;

(e) the capital of the investment company, the valuation principles and the valuation policies of its assets, the rules for the calculation of its net asset value, of the marketing price, redemption price or repurchase price of its units and the method used to communicate those prices to the unitholders; additionally, in the case of an AIFM, which is an internally managed AIF or an investment company which is externally managed by an AIFM, the information of article 19 of the Alternative Investment Fund Managers Law shall be included.

(f) the conditions for the issue, marketing, cancellation, redemption or repurchase of units and the conditions under which the redemption or repurchase of the units may be suspended, as well as reference to the fact that the suspension of the redemption or the repurchase of units may be decided by the Securities and Exchange Commission at its own initiative;

(g) the duration of the financial year and its closing date;

(h) the fees and commissions of its external manager, where an external manager is appointed, and of its depositary as well as the method of calculation of their fees and commissions;

(i) the expenses charged on the investment company;

(j) the rules regarding the distribution of proceeds and profits to its unitholders, and in particular the time and procedure of the distribution;

(k) the procedure regarding the amendment of the instruments of incorporation of the investment company;

(l) the reasons for the dissolution of the investment company;

(m) a term forbidding the issue of bearer units.

(4) Without prejudice to the provisions of section (3) and by way of derogation from article 4(4)(a) of the Company Law, the articles of association of a variable capital investment company shall include, in relation to its share capital, the following:

(a) the issued share capital of the variable capital investment company shall be equal to shall be equal to its respective net asset value after deducting its liabilities;

(b) the share capital of the variable capital investment company shall be divided to a number of shares without nominal value, but with variable value;

(c) the shares of the variable capital investment company shall be redeemed upon a request by its shareholders, directly or indirectly by its assets:

It is provided that, the variable capital investment company shall include in its articles of association any other provision that the Company Law requires to be included in the articles of association of a variable capital investment company.

(5) The instruments of incorporation of the investment company shall be drawn up in an official language of the Republic or in an official language of the Republic and in English or only in English, if the information of article 12 regarding the authorisation of the investment company has been submitted to the Securities and Exchange Commission only in English in accordance with article 12(7).

Amendments to the instruments of incorporation of an investment company.

60. (1) In case of an internally managed AIF which operates in the form of an investment company in accordance with article 6(2)(a), excluding an AIFM which is an internally managed AIF, or in case of an externally managed AIF which operates in the form of an investment company in accordance with article 6(2)(b)-

(a) any amendment to the instruments of incorporation of the investment company is valid only if it is approved by the Securities and Exchange Commission:

It is provided that, the approval is granted after

ensuring the legality of the amendment and whether sufficient consideration has been made to protect its unitholders, and

(b) the valid amendments of the instruments of incorporation shall be communicated immediately by the external manager of the AIF to the unitholders of the investment company, which they shall bind.

It is provided that, the provisions of this section shall apply to AIFLNPs as if the reference to article 6(2) is a reference to article 125(1).

(2) In case the investment company is of the open-ended type, its unitholders have the right to request the redemption or repurchase of their units in accordance with the provisions of its instruments of incorporation prior to their amendment,

(a) within ten (10) calendar days from the notification of the amendment to them, where the redemption or repurchase of units takes place on a daily basis;

(b) within one (1) month from the notification of the amendment to them, where the redemption or repurchase of units takes place, at least, weekly;

(c) by the date at which the one after the next scheduled date of redemption or repurchase of units shall take place, where the redemption or repurchase takes place on a monthly basis; and

(d) by the next scheduled redemption or repurchase date, in every other case, on the condition that between the notification of the amendment to the unitholders and the expiry of the right of redemption or repurchase of their units according to the provisions of the rules prior the amendment, there is a time period of, at least, thirty (30) days.

(3) In case the investment company is of the closed-ended type, the unitholders have the right to request the redemption or repurchase of their units in accordance with the provisions of the instruments of incorporation prior to their amendment, within three (3) months from the date of the notification of the amendment to them.

(4) In case of an AIFM, which is an internally managed AIF, the amendment of its instruments of incorporation shall be done in accordance with article 10 of the Alternative Investment Fund Managers Law and its unitholders shall be informed in accordance with paragraph (b) of section (1).

Changes in the persons

61. In case of an internally managed AIF which operates in the form of an investment company in accordance with article

who effectively direct the business of an investment company.

6(2)(a), excluding an AIFM which is an internally managed AIF, or in case of an externally managed AIF which operates in the form of an investment company in accordance with article 6(2)(b)-

(a) every change-

(i) in the composition of the governing body of the internally managed AIF in the form of an investment company, or
(ii) in the persons who effectively direct the business of the internally managed AIF in the form of an investment company

shall be communicated to the Securities and Exchange Commission, by the external manager or the investment company in case of an internally managed AIF, without undue delay and in any case before its implementation.

(b) in case the Securities and Exchange Commission finds that the persons of sub-paragraphs (i) and (ii) of paragraph (a) are not of good repute and that they lack sufficient knowledge, skills and experience to perform their duties, it shall instruct the investment company to immediately replace them and the investment company shall comply with the instructions·

It is provided that, the provisions of this section shall apply to AIFLNPs as if the reference to article 6(2) is a reference to article 125(1).

(2) In case of an AIFM, which is an internally managed AIF, every change in the composition of its governing body and in the persons who conduct its business, is subject to articles 8(2)(c) and 10 of the Alternative Investment Fund Managers Law, which shall apply in this case.

Reduction of assets or capital of an investment company.

62. (1) When the assets of the investment company are reduced and fall below the two thirds (2/3) of the minimum assets requirement, as this is specified by article 14(1) or when the initial capital of the investment company is reduced and fall below the two thirds (2/3) of the minimum initial capital requirement, as this is specified by article 58(2), its board of directors shall call a general meeting of its shareholders, in order to decide in relation to its dissolution; the decision can be taken by simple majority of the shareholders present or represented at the general meeting, without the need for a quorum.

(2) When the assets of the investment company are reduced and fall below the one fourth (1/4) of the minimum assets requirement, as this is specified by article 14(1) or when the

initial capital of the investment company is reduced and fall below the one fourth (1/4) of the minimum initial capital requirement, as this is specified by article 58(2), its board of directors shall call a general meeting of its shareholders, in order to decide in relation to its dissolution; the decision can be taken by a majority of the one fourth (1/4) of the votes of the shareholders present or represented at the general meeting, without the need for a quorum.

(3) In the cases of sections (1) and (2), the general meeting shall be called within forty (40) days from the day of the reduction of the assets or initial capital by two thirds (2/3) or one fourth (1/4), as applicable.

(4) The board of directors of the investment company shall disclose, without undue delay, the fact that the assets or initial capital of the investment company were reduced by two thirds (2/3) or one fourth (1/4) as applicable, to the Securities and Exchange Commission which may demand the dissolution and liquidation of the investment company.

Dissolution and liquidation of an investment company.

63. (1) The investment company is dissolved and put into liquidation-

(a) in case the Securities and Exchange Commission withdraws its authorisation in accordance with article 64, or

(b) when the period of its operation provided in its instruments of incorporation lapses, unless the instruments of incorporation are amended before the end of the period of operation of the investment company, so that the period of its operation is extended or becomes indefinite, or

(c) with the occurrence of an event which, according to the instruments of incorporation of the investment company, constitutes a reason for its dissolution and liquidation, or

(d) in case of full redemption of its units;

(e) following a decision taken at its general meeting, including the cases of articles 62(1) and (2), or

(f) without prejudice to the case of an internally managed AIF which operates in the form of an investment company, when its external manager is dissolved, resigns, put into liquidation or the authorisation granted to the external manager is revoked, and a replacement is not appointed.

(2) Where the authorisation of an investment company is revoked, the Securities and Exchange Commission may submit to the Court an application for the liquidation of the investment company and the appointment of a liquidator or a temporary liquidator in accordance with the provisions of the Company Law.

(3) Where an investment company is put under liquidation, in addition to the provisions of this Law, the liquidation provisions of Part V of the Company Law shall also apply to the extent that they do not conflict with the provisions of this Law.

(4) In case the investment company is an umbrella AIF, its dissolution takes place when its last remaining investment compartment is dissolved.

(5) Where the investment company is under liquidation-

(a) the issue of new units is not possible, unless it serves the purpose of liquidation, and

(b) the redemption of units is still possible provided that the equal treatment of the unitholders is ensured.

(6) (a) The depositary of the investment company shall exercise its duties until the process of distribution of its assets finishes.

(b) The unitholders shall be satisfied from the liquidation proceeds when any kind of claim against the investment company is settled.

(7) The result of the distribution of the investment company's assets shall be showed in a special report of an independent auditor, which is communicated to the Securities and Exchange Commission and to the competent authorities of the countries where the units of the investment company are marketed, while the relevant report shall be at the disposal of its unitholders at the points of marketing of its units:

It is provided that, the auditor of the investment company shall be considered independent for the purpose of application of this section.

(8) The dissolution of the investment company and the reasons for its dissolution are communicated, immediately, by the external manager to the depositary of the common fund, its unitholders and the Securities and Exchange Commission. The external manager shall submit to the Securities and Exchange Commission, without undue delay, a copy of the above mentioned communication to the unitholders and the depositary of the common fund.

(9) The Securities and Exchange Commission may, by means of a directive, specify any technical matter or detail regarding the application of this article.

Withdrawal of authorisation of an investment company.

64. (1) The Securities and Exchange Commission may decide to withdraw the authorisation of an investment company when-

(a) the investment company has obtained the authorisation by making false statements or by any other irregular means; or

(b) the investment company does not raise the minimum assets within the timeframe provided for in article 14(1)(a); or

(c) the investment company does not raise the minimum assets within the extended timeframe provided for in article 14(1)(b); or

(d) the investment company has ceased the activity covered by its authorisation for a time period longer than six (6) months; or

(e) the investment company no longer fulfils the conditions under which authorisation was granted;

(f) the investment company expressly renounces the authorisation, informing the Securities and Exchange Commission in writing.

(2) The Securities and Exchange Commission may withdraw the authorisation of an investment company when-

(a) its external manager does not comply with the authorisation requirements of the investment company or its obligations deriving from the law governing its operation,

(b) the investment company no longer satisfies any of the conditions required or taken into consideration by the Securities and Exchange Commission for granting its authorisation.

(3) In the cases of section (2), the Securities and Exchange Commission shall set a timeframe to the external manager or the investment company to comply; if the external manager or the investment company fails to comply within the set timeframe, the Securities and Exchange Commission may decide to withdraw the license of the investment company.

(4) Without prejudice to the provisions of section (1), article 12 of the Alternative Investment Fund Managers Law applies in the case of withdrawal of authorisation of an AIFM, which is an internally managed AIF.

(5) In the cases of sections (1) to (4), the Securities and Exchange Commission shall communicate its decision regarding the withdrawal of the authorisation of the investment company to the external manager or the investment company, the Registrar and the competent authorities of the countries where the units of the investment company are marketed.

(6) Following the communication of the decision of the Securities and Exchange Commission regarding the withdrawal of the authorisation of the investment company to its external manager or itself, the investment company is dissolved and put into liquidation in accordance with article 63.

Part 3 – Limited Partnerships

General provisions regarding the limited partnership.

65. (1) An AIF which operates in the form of a limited partnership, with separate legal personality, can be-

(a) either an internally managed AIF, where the general partner shall undertake the AIF management functions, or

(b) an externally managed AIF, where, without prejudice to article 6(2)(b), the external manager, appointed by the general partner, shall undertake the AIF management functions:

It is provided that, the provisions of paragraph (b) applies to AIFLNPs, as if the reference to article 6(2)(b) is a reference to article 125(1)(b).

(2) An AIF which operates in the form of a limited partnership, without separate legal personality, shall always appoint an external manager to undertake the AIF management in accordance with article 6(2)(b):

It is provided that, the provisions of paragraph (b) applies to AIFLNPs, as if the reference to article 6(2)(b) is a reference to article 125(1)(b).

(3) AIFs which operate as a limited partnership are governed by the provisions of this Law and, in relation to any issues not addressed in this Law, by the provisions of the General and Limited Partnerships and Business Names Law, provided that

it is not in conflict with the provisions of this Law.

(4) By way of derogation from section (3), articles 3(2), 34 to 36, 47(3) and 53 of the General and Limited Partnerships and Business Names Law, shall not apply to AIFs which operate in the form of a limited partnership.

Limited partnership set up as internally managed AIF.

66. (1) A limited partnership with separate legal personality may not appoint an external manager in the cases provided in section 6(2)(a) of the Law. Where the limited partnership has not appointed an external manager, any references in the Law to the external manager shall deem as references to the limited partner:

It is provided that the provisions of this section shall apply to AIFLNPs as if the reference to article 6(2)(a) is a reference to article 125(1)(a).

(2) In case of an internally managed AIF, which takes the form of a limited partnership-

(a) The Securities and Exchange Commission shall grant authorisation to it subject to article 13, only if it satisfies the following conditions:

(i) the application for authorisation is accompanied by the operations manual, which includes, at least, the organisational structure of the investment company, as well as how it will comply with its obligations,

(ii) the persons who effectively direct the business of the limited partnership are of sufficiently good repute are of sufficiently good repute and possess sufficient knowledge, abilities and experience in relation to the activity they perform. For this purpose, the names of the persons who effectively direct the business of the limited partnership and of every person succeeding them in office are immediately communicated to the Securities and Exchange Commission. The business of the limited partnership is conducted by, at least, two (2) persons who meet the above mentioned conditions,

(iii) where close links exist between the limited partnership and other natural and legal persons, the Securities and Exchange Commission grants authorisation only if those close links do not prevent the effective exercise of its supervisory duties,

(iv) the limited partnership has the appropriate composition in terms of partners, the required organisational structure and staff and the appropriate economic and technical resources in

order to be in the position to provide its services in accordance with the provisions of the Law; for this purpose, the Securities and Exchange Commission shall immediately be informed of the name or business name of the persons that have qualifying holdings in the limited partnership, the amount of their holdings and any information that allows the Securities and Exchange Commission to assess their suitability,

(v) complies with article 21, which applies proportionately,

(vi) complies with section (4).

(b) subject to the conditions of paragraph (a), the provisions of articles 12 and 13 shall apply regarding the granting of authorisation to an AIF;

(c) the general partner of the limited partnership shall undertake the duties and responsibilities of the external manager, which shall appoint, at least, one (1) person responsible for the portfolio management, who meets the following conditions:

(i) he holds academic qualifications and/or has experience related to the assets in which the AIF is allowed to invest,

(ii) he is certified to provide portfolio management service in accordance with the provisions of the Investment Services and Activities and Regulated Markets Law, as amended,

(iii) he is registered in the public register kept by the Securities and Exchange Commission, in which the persons who succeed in the exams of the Securities and Exchange Commission are registered.

(d) the limited partnership shall establish and maintain internally the legal compliance function and-

(i) if it is addressed to retail investors, shall establish and maintain the internal audit function·

(ii) if it is addressed to professional and/or well informed investors, and if it is appropriate and proportionate in view of the range, nature, scale and complexity of its business, limited partnership shall establish and maintain the internal audit function·

It is provided that, the legal compliance and internal audit functions shall be independent from the other functions and activities of the limited partnership·

(e) articles 20 to 22 of the Alternative Investment Fund Managers Law and articles 75 to 82 of Regulation (EU) No. 231/2013, shall apply proportionately.

(3) The internally managed AIF, which operates in the form of a limited partnership, shall not engage in activities other than those referred to in article 6(1).

(4) Without prejudice to the provisions of article 14(1), an internally managed AIF which operates in the form of a limited partnership, shall have, at any time, either in cash or assets readily convertible to cash, an initial capital of at least one hundred and twenty five thousand euro (€125.000)· the own funds shall not be calculated in the assets of the AIF which are used for investment purposes:

It is provided that, in case the own funds consist of cash, they shall be deposited into an account of a credit institution established in a member state, in the name of the AIF.

(5) The units of the investment company can only be issued in the name of the unitholder and shall be fully paid to be issued. Fractions of units shall not be recognised.

General partner of an AIF.

67. (1) (a) By way of derogation from the provisions of the General and Limited Partnerships and Business Names Law, an AIF which takes the form of a limited partnership shall have one (1) general partner, who shall -

(i) manage the limited partnership and represent it against third parties,
(ii) be responsible for all the debts and liabilities of the partnership, and
(iii) be a legal person.

(2) In case of an internally managed AIF which operates in the form of a limited partnership in accordance with article 6(2)(a), or in case of an externally managed AIF which operates in the form of a limited partnership in accordance with article 6(2)(b)-

(a) every change-

(i) in the composition of the governing body of the internally managed AIF in the form of a limited partnership, or
(ii) in the persons who effectively direct the business of the internally managed AIF in the form of a limited partnership,

shall be communicated to the Securities and Exchange Commission, by the external manager or the limited partnership in case of an internally managed AIF,

without undue delay and in any case before its implementation:

It is provided that, the provisions of this paragraph shall apply to AIFLNPs as if the reference to article 6(2) is a reference to article 125(1)·

(b) in case the Securities and Exchange Commission finds that the persons who effectively direct the internally managed AIF in the form of a limited partnership are not of good repute and that they lack sufficient knowledge, skills and experience to perform their duties, it shall instruct the limited partnership to immediately replace them and the limited partnership shall comply with the instructions·

Limited partners.

68. (1) Without prejudice the provisions of the General and Limited Partnerships and Business Names Law, the limited partners-

(i) shall not be responsible for the debts and liabilities of the partnership beyond their contribution, in accordance with article 36 and beyond the value of the units acquired, in accordance with article 37.
(ii) shall not take part in the management of the limited partnership,
(iii) shall not represent the partnership against third parties.

(2) By way of derogation from the provisions of the General and Limited Partnerships and Business Names Law, a limited partnership shall not be considered to take part in the direction of the business of the limited partnership, in case it carries out one or more of the following management actions:

(a) exercising his rights as partner, such as exercising his voting rights in a partners' meeting,

(b) consulting or advising with the general partner or the members of its governing body about the affairs of the partnership,

(c) conducting actions which are under the control of the general partner,

(d) conducting assisting management actions,

(e) giving consent, taking part in a decision approving or authorizing an action to be taken by the general manager, provided that the consent, approval or authorisation are listed in the partnership agreement and relate to acts which exceed the powers of the general partner,

(f) provide a loan, credit or guarantee to the limited partnership.

(3) A limited partner who carries out any management actions for the limited partnership, other than those referred to in section (2), shall be responsible as a general partner for taking part in the management of the partnership business.

Partnership agreement.

69. (1) (a) The partnership agreement of the limited partnership shall be a single document even when the limited partnership is an umbrella AIF.

(b) The partnership agreement of the AIF is prepared by-

(i) the general partner, in case the AIF is internally managed in accordance with article 6(2)(a), or
(ii) its external manager, in case the AIF is externally managed in accordance with article 6(2)(b),

and approved by the Securities and Exchange Commission:

It is provided that, the provisions of this section shall apply to AIFLNPs as if the reference to article 6(2) is a reference to article 125(1).

(2) By acquiring units of a limited partnership, it is presumed that the unitholder has accepted its partnership agreement.

(3) The partnership agreement of a limited partnership, in addition to the information required by the General and Limited Partnerships and Business Names Law, when this is not in conflict with this Law, shall contain, at least, the following:

(a) the name of the limited partnership, and where relevant the fact that it is a limited partnership with separate legal personality, as well as the name of the general partner and the name of the depositary

(b) the investment objective of the limited partnership, from which the investment goals and its investment policy are determined

(c) the category of the investors to which it is addressed

(d) the duration of the limited partnership or the reference that its duration is indefinite

(e) the capital of the limited partnership, the valuation

principles and the valuation policies of its assets, the rules for the calculation of its net asset value, of the marketing price, redemption price or repurchase price of its units and the method used to communicate those prices to the unitholders; additionally, in the case of a limited partnership which is externally managed by an AIFM, the information of article 19 of the Alternative Investment Fund Managers Law shall be included

(f) the conditions for the issue, marketing, cancellation, redemption or repurchase of units and the conditions under which the redemption or repurchase of the units may be suspended, as well as reference to the fact that the suspension of the redemption or the repurchase of units may be decided by the Securities and Exchange Commission at its own initiative

(g) the duration of the financial year and its closing date

(h) the fees and commissions of its external manager, where an external manager is appointed, and of its depositary as well as the method of calculation of their fees and commissions;

(i) the expenses charged on the limited partnership;

(j) the rules regarding the distribution of proceeds and profits to its unitholders, and in particular the time and procedure of the distribution;

(k) the procedure regarding the amendment of the partnership agreement of the limited partnership;

(l) the reasons for the dissolution of the limited partnership,

(m) a term forbidding the issue of bearer units.

(4) The partnership agreement of the limited partnership shall be drawn up in an official language of the Republic or in an official language of the Republic and in English or only in English, if the information of article 12 and, where appropriate article 56 which applies proportionately, regarding the authorisation of the limited partnership has been submitted to the Securities and Exchange Commission only in English in accordance with article 12(7).

Amendment of the partnership agreement.

70. (1) In case of an internally managed AIF which operates in the form of a limited partnership in accordance with article 6(2)(a), or in case of an externally managed AIF which operates in the form of a limited partnership in accordance with article 6(2)(b), the partnership agreement is amended by the general partner and -

(a) any amendment to the partnership agreement of the limited partnership is valid only if it is approved by the Securities and Exchange Commission:

It is provided that, the approval is granted after ensuring the legality of the amendment and whether sufficient consideration has been made to protect its unitholders, and

(b) the valid amendments of the partnership agreement shall be communicated immediately by the external manager of the AIF to the unitholders of the investment company, which they shall bind:

It is provided that, the provisions of this section shall apply to AIFLNPs as if the reference to article 6(2) is a reference to article 125(1).

(2) In case the limited partnership is of the open-ended type, its unitholders have the right to request the redemption or repurchase of their units in accordance with the provisions of its partnership agreement prior to its amendment,

(a) within ten (10) calendar days from the notification of the amendment to them, where the redemption or repurchase of units takes place on a daily basis;

(b) within one (1) month from the notification of the amendment to them, where the redemption or repurchase of units takes place, at least, weekly;

(c) by the date at which the one after the next scheduled date of redemption or repurchase of units shall take place, where the redemption or repurchase takes place on a monthly basis; and

(d) by the next scheduled redemption or repurchase date, in every other case, on the condition that between the notification of the amendment to the unitholders and the expiry of the right of redemption or repurchase of their units according to the provisions of the rules prior the amendment, there is a time period of, at least, thirty (30) days.

(3) In case the limited partnership is of the closed-ended type, the unitholders have the right to request the redemption or repurchase of their units in accordance with the provisions of the partnership agreement prior to their amendment, within three (3) months from the date of the notification of the amendment to them.

Unitholders' register, joint

71. (1) The units of the limited partnership shall be registered in the Unitholders' Register in accordance with article 46, which

unitholders and confirmation of participation

applies proportionately· a confirmation for participation in the limited partnership shall be issued in accordance with article 48 which applies proportionately:

It is provided that, the marketing price, redemption price or repurchase price given to units of the limited partnership shall be calculated as the result of the net asset value divided by the number of the issued units, increased by the commissions for the marketing or reduced by the commissions for the redemption or repurchase of units, accordingly.

(2) The provisions of article 47 shall apply proportionately to the units of the limited partnership.

Transfer of limited partnership units.

72. (1) The units of the limited partnership shall be freely transferable, without prejudice to the partnership agreement which may specify any restrictions in the transfer of units.

(2) Article 49 shall apply proportionately in relation to the transfers of units of limited partnership.

Pledge of limited partnership units.

73. (1) The units of the limited partnership may be used as collateral to secure a claim.

(2) Article 50 shall apply proportionately in relation to pledging of units of limited partnership.

Dissolution and liquidation of a limited partnership.

74. (1) The limited partnership is dissolved and put into liquidation-

(a) in case the Securities and Exchange Commission withdraws its authorisation in accordance with article 75, or

(b) when the period of its operation provided in its partnership agreement lapses, unless the partnership agreement is amended before the end of the period of operation of the limited partnership, so that the period of its operation is extended or becomes indefinite, or

(c) with the occurrence of an event which, according to the partnership agreement of the limited partnership, constitutes a reason for its dissolution and liquidation, or

(d) in case of full redemption of its units;

(e) without prejudice to the case of an internally

managed AIF which operates in the form of a limited partnership, when its external manager is dissolved, resigns, put into liquidation or the authorisation granted to the external manager is revoked, and a replacement is not appointed

(f) when its depositary is dissolved, resigns, put into liquidation or the authorisation granted to the depositary is revoked, and a replacement is not appointed

(g) following a relevant decision by its partners, which is taken by a majority of two thirds (2/3) of the issued units of the limited partnership, and under the condition that the general partner votes in favour of such decision,

(h) following a relevant decision by its external manager, which is taken when the assets of the limited partnership are reduced and fall below the one fourth (1/4) of the minimum assets requirement, as specified by article 14(1),

(i) following a relevant decision by the external manager, which is taken when the initial capital of the limited partnership are reduced and fall below the two thirds (2/3) of the minimum initial capital requirement, as specified by article 66(4),

It is provided that, the general partner shall disclose, without undue delay, the fact that the assets or initial capital of the limited partnership were reduced by two thirds (2/3) or one fourth (1/4) as applicable, to the Securities and Exchange Commission, which may demand the dissolution of the limited partnership.

(2) Where a limited partnership is dissolved in accordance with paragraph (b) of section (1), the general partner shall ensure that a relevant notification is published in the Official Gazette of the Republic.

(3) The following shall apply in case of dissolution and liquidation of a limited partnership:

(a) the dissolution of the limited partnership is followed by its liquidation, which is carried out in accordance with the terms of its partnership agreement and the provisions of the General and Limited Partnerships and Business Names Law·

(b) the liquidation shall result to the distribution of its assets of the limited partnership, under the responsibility of its liquidator.

(c) the external manager of the limited partnership is appointed as liquidator, unless the dissolution is due to a fact provided in paragraph (e) of section (1) and is related to the external manager; in this case the liquidator of the limited partnership is appointed by the depositary. Where the fact provided in paragraph (e) of section (1) is related to the depositary, the liquidator is appointed by the Securities and Exchange Commission by its decision, and article 25 shall apply proportionately.

(d) the liquidator may not delegate its duties regarding the liquidation to a third party.

(e) in case the liquidator does not exercise its duties diligently, the Securities and Exchange Commission may appoint a replacement of the liquidator following the request of any person who has a legitimate interest therein.

(4) Where the limited partnership is under liquidation-

(a) the issue of new units is not possible, unless it serves the purpose of liquidation.

(b) the redemption of units is still possible provided that the equal treatment of the unitholders is ensured.

(5) The depositary of the limited partnership shall exercise its duties until the process of distribution of its assets finishes. The unitholders shall be satisfied from the liquidation proceeds when any kind of claim against the limited partnership is settled.

(6) The result of the distribution of the limited partnership's assets shall be showed in a special report of an independent auditor, which is communicated to the Securities and Exchange Commission and to the competent authorities of the countries where the units of the limited partnership are marketed, while the relevant report shall be at the disposal of its unitholders at the points of marketing of its units:

It is provided that, the auditor of the limited partnership shall be considered independent for the purpose of application of this section.

(7) The dissolution of the limited partnership and the reasons for its dissolution are communicated, immediately, by the general partner to the depositary of the limited partnership, its unitholders and the Securities and Exchange Commission. The general partner shall submit to the Securities and Exchange Commission, without undue delay, a copy of the above mentioned communication to the unitholders and the

depositary of the limited partnership.

(8) In case the limited partnership is an umbrella fund, its dissolution takes place when its last remaining investment compartment is dissolved.

(9) The Securities and Exchange Commission may, by means of a directive, specify any technical matter or detail regarding the application of this article.

Withdrawal of authorisation of a limited partnership.

75. (1) The Securities and Exchange Commission may decide to withdraw the authorisation of a limited partnership when-

(a) the limited partnership has obtained the authorisation by making false statements or by any other irregular means; or

(b) the limited partnership does not raise the minimum assets within the timeframe provided for in article 14(1)(a); or

(c) the limited partnership does not raise the minimum assets within the extended timeframe provided for in article 14(1)(b); or

(d) the limited partnership has ceased the activity covered by its authorisation for a time period longer than six (6) months; or

(e) the limited partnership no longer fulfils the conditions under which authorisation was granted;

(f) the limited partnership expressly renounces the authorisation, informing the Securities and Exchange Commission in writing.

(2) The Securities and Exchange Commission may withdraw the authorisation of a limited partnership when-

(a) its general partner does not comply with the authorisation requirements of the limited partnership or its obligations deriving from the law governing its operation,

(b) the limited partnership no longer satisfies any of the conditions required or taken into consideration by the Securities and Exchange Commission for granting its authorisation.

(3) In the cases of section (2), the Securities and Exchange Commission shall set a timeframe to the general partner or the limited partnership to comply; if the general partner or the

limited partnership fails to comply within the set timeframe, the Securities and Exchange Commission may decide to withdraw the license of the limited partnership.

(4) In the cases of sections (1) to (3), the Securities and Exchange Commission shall communicate its decision regarding the withdrawal of the authorisation of the limited partnership to the general partner or the limited partnership, the Registrar and the competent authorities of the countries where the units of the limited partnership are marketed. Following the communication of the decision of the Securities and Exchange Commission regarding the withdrawal of the authorisation of the limited partnership to its general partner or itself, the limited partnership is dissolved and put into liquidation in accordance with article 74.

Chapter 9: Obligations regarding disclosures to investors

Offering document, half-yearly report, annual report, annual financial statements and financial year of the AIF.

76. (1) The external manager of the AIF or AIF, in case it is internally managed in accordance with article 6(2)(a), shall prepare and submit, without undue delay, to the Securities and Exchange Commission-

(a) every material change in the offering document of the AIF;

(b) an annual report for each financial year; and

(c) a half-yearly report covering the first six (6) months of the financial year.

It is provided that, the provisions of this paragraph shall apply to AIFLNPs as if the reference to article 6(2)(a) is a reference to article 125(1)(a)·

(2) The annual and half-yearly report of the AIF shall be communicated to the Securities and Exchange Commission by the external manager of the AIF, and made available to the investors by the external manager of the AIF at the points of distribution of its units within the following time limits from the end of the period to which they relate:

(a) six (6) months in the case of the annual report; or

(b) two months in the case of the half-yearly report.

(3) The offering documents of the AIF, its fund rules or instruments of incorporation and its latest annual and half-

yearly report are provided to any potential investors of the AIF, in accordance with article 36(3).

(4) The AIF shall provide the investors, free of charge, with its annual report, following a relevant request by them.

(5) In case a prospectus is drawn up, in accordance with Part II of the Public Offer and Prospectus Law, only the additional information required by section 79 of this Law, which are not included in the prospectus, shall be published, either separately or as additional information in the offering document.

(6) In case of an umbrella AIF, a single offering document and annual and half-yearly reports shall be prepared as one single document, for all the investment compartments of the AIF.

(7) The financial year of an AIF is one calendar year, with the exemption of its first financial year which ends on the 31st day of December of the year at which its operations began.

(8) The Securities and Exchange Commission may, by means of a directive, specify any technical matter regarding the application of this article.

Half-yearly report of the AIF.

77. (1) The half-yearly report of an AIF shall be prepared in accordance with the International Financial Reporting Standards at the end of the first six months of every calendar year and shall include the interim non-audited financial statements of the AIF.

(2) The Securities and Exchange Commission may, by means of a directive, specify the minimum content of the half-yearly report of the AIF.

Annual report of the AIF.

78. (1) (a) The annual report of an AIF shall be published in accordance with article 29 of the Alternative Investment Fund Managers Law and shall include at least the information provided for in article 29(3) of the aforementioned law, which applies proportionately.

(b) The accounting information given in the annual report of the AIF shall be prepared in accordance with the International Financial Reporting Standards and shall be audited by an auditor. The auditor's report, including any qualifications, shall be reproduced in full in the annual report.

(2) An AIF which invests its assets through the setting up of a subsidiary company, is not exempt from the obligation to prepare consolidated financial statements, in accordance with the provisions of the Company Law:

It is provided that, when the AIF invests its assets and as a result it acquires holding or interest or units (holds investments) in an entity which does not belong entirely to the AIF nor it is controlled by the AIF, the AIF is exempted from the obligation to prepare consolidated financial statements, in accordance with the provisions of the Company Law.

(3) The Securities and Exchange Commission may, by means of a directive, specify any technical matter regarding the application of this article and more specifically, to define the conditions which must be satisfied by the subsidiary of the AIF referred to in section (2).

Offering document of the AIF.

79. (1) The offering document of the AIF shall include at least the information of article 30(1) of the Alternative Investment Fund Managers Law. The offering document of the AIF shall also include a prominent statement on its first page, that the AIF is addressed to professional and/or well informed investors or retail investors, as the case may be.

(2) Where an AIF is addressed to retail investors and, in accordance with the AIF's investment policy, further to the information provided in section (1) the offering document shall-

(a) determine the categories of assets in which the AIF is allowed to invest and shall include detailed and specific reference to the risk profile of each category and the possible outcome of the specific investment policy;

(b) include a specific reference to the possible fluctuation of the prices and to the possibility of not achieving a positive performance and a specific urge to the investors to seek expert advice from their financial advisor before investing in the AIF;

(c) where the AIF replicates the composition of a certain stock or debt securities index, include a prominent statement, drawing the attention of investors to the investment policy of the AIF;

(d) where the net asset value of the AIF is likely to have a high volatility due to its portfolio composition or the portfolio management techniques that may be used, include a prominent statement drawing the attention of investors to such characteristic;

(e) specifically state in a prominent way that the offering document is available to investors in all marketing points of its units and on the website of its external manager or of the self-managed investment company of section 6(2)(a);

(f) the relationship between the AIF, its external manager if an external manager shall be appointed, and its depositary, especially if they belong to the same group of companies:

It is provided that, the provisions of this paragraph shall apply to AIFLNPs as if the reference to article 6(2)(a) is a reference to article 125(1)(a).

(3) In case the AIF is addressed to professional investors or/and well informed investors, further to the information provided for in section (1), its offering document shall include a reference that the protection measures for retail investors provided in the relevant legislation, do not apply regarding the AIF.

(4) The offering document of the AIF shall be drawn up in a language of the Republic or in the English language as long as the fund rules or the instruments of incorporation of the AIF have also been drawn up in English and shall include the necessary information so that the investors will be able to make an informed decision for their investment in the specific AIF, and, in particular, of the risks attached thereto.

(5) The material information of the offering document shall be kept up to date.

Right to receive documents.

80. (1) The provisions of article 152 of the Company Law shall apply-

(a) to AIFs which operate in the form of an investment company; and

(b) proportionately, to AIFs which operate in the form of a limited partnership, as per the relevant article 64A of the General and Limited Partnerships and Business Names Law.

(2) The Securities and Exchange Commission may, by means of a directive, specify any technical matter or detail regarding the application of this article.

Audit of the annual financial statements and of the annual report of the AIF.

81. (1) The auditor, who prepares the audit report regarding the accounting information included in the annual report, shall, immediately bring to the attention of the Securities and Exchange Commission the following information-

(a) every event or decision that came to his attention during the exercise of its duties and relates to the AIF, where this event or decision may-

(i) result in a material breach of a provision of this Law; or
(ii) result in a material breach of a provision of the Alternative Investment Fund Managers Law; or
(iii) result in a material breach of a provision of the Open Ended Undertakings for Collective Investments Law; or
(iv) result in a material breach of a provision of the legislation of the Republic, on the basis of which an AIF management company is authorised in the Republic for the investment management of AIFs, whose assets under management do not exceed the thresholds of article 4(2) of the Alternative Investment Funds Manager Law; or
(v) affects the ongoing operation of the AIF; or
(vi) substantially affect the ability of the AIF to fulfil its obligations to its unitholders or comply with any obligation that stems from this Law or the rules or instruments of incorporation or the partnership agreement; or
(vii) result in a refusal to certify the annual financial statements of the AIF or to the expression of an adverse audit opinion.

(b) every event or decision related to the AIF and is referred in paragraph (a) which came to its attention, during the exercise of his audit duties in another company which has close links with the AIF resulting from a control relationship of the AIF and the company, or during the exercise of another duty related to that company.

(2) Where the auditor finds that the information included in the annual financial statements or the annual report of the AIF does not correspond to the real condition or assets and liabilities of the AIF, shall inform the Securities and Exchange Commission immediately.

(3) The auditor shall provide the Securities and Exchange Commission with the information requested, in relation to any matter which relates to information the auditor is in position to know or should have known because of the exercise of its duties in the specific AIF.

(4) The auditor shall inform the Securities and Exchange Commission that the investments of the AIF have been made in violation of the relevant legislation or of the AIF fund rules or instruments of incorporation or its offering document.

(5) The Securities and Exchange Commission may request the auditor to conduct an audit in relation to one or more matters related to the operations and transactions of the AIF, at the expense of the latter.

AIF publication expenses.

82. With the exception of the costs of the mandatory publications provided by this Law, the costs for the publications of the AIF shall be borne by its external manager.

AIF marketing communications.

83. (1) All marketing communications of an AIF to the investors shall be precise, clear and not misleading. In particular, any marketing communication shall be clearly identifiable as such.

(2) The information or statements included in the marketing communications which comprise an invitation to purchase units of an AIF shall not contradict or downgrade the significance of the information contained in the offering document drawn up in accordance with section 79.

(3) Where the AIF is addressed to retail investors, further to the requirements of sections (1) and (2):

(a) all marketing communications, further to the information referred to in sub-section 79(2)(c) and (d), shall specify where and in which language the offering document may be obtained by the investors and the authorisation number of the AIF;

(b) all marketing communications and every document or message which contains directly or indirectly an invitation to purchase units of an AIF, including those posted on the internet, shall include in a prominent section that the performance of the investment in units of the AIF is not guaranteed and the previous returns do not ensure the future ones. In case of an AIF with guaranteed performance, the above reference shall be limited to the fact that the past performance does not guarantee the future;

(c) in case an AIF replicates a stock exchange index, all marketing communications shall include a specific statement in a prominent section on the attention the investors need to show to the investment policy of the AIF;

(d) in case the net asset value of an AIF may have high volatility because of the composition of its portfolio or the management techniques used, all marketing communications shall include a specific statement in a prominent section drawing the attention of the investors to this effect.

(4) The Securities and Exchange Commission may, by means of a directive, determine specific rules to be followed by the AIF, regarding the publication of marketing communications and specify every matter concerning the application of section (3) regarding AIFs which are addressed to retail investors.

Chapter 10: Mergers

Possibility of mergers between AIFs.

84. (1) Mergers are allowed in one of the forms referred in article 85, of an AIF with one or more such AIFs, as long as these operate in the form of a common fund or an investment company, on the condition that all participants in the merger shall address the same categories of investors, either professional or well informed or retail, in accordance with the provisions of this Chapter.

(2) The provisions of sections 201A to 201ΚΔ of the Company Law regarding mergers shall not apply to the merger of the investment companies that participate in the merger.

Types of mergers.

85. For the purposes of this Chapter-

"**merger**" means any of the following acts:

(a) an act by which one or more AIFs or investment compartments thereof, ("the merging AIFs") are being dissolved without going into liquidation and transfer all of their assets and liabilities to another existing AIF or an investment compartment thereof, ("the receiving AIF"), in exchange for the issue to their unitholders of units of the receiving AIF, and, if applicable, a cash payment not exceeding 10% of the net asset value of the units of each of the merging AIFs;

(b) an act by which two or more AIFs or investment compartments thereof, ("the merging AIFs") are being dissolved without going into liquidation, transfer all of their assets and liabilities to a new established AIF or an investment compartment thereof, ("the receiving AIF"), in exchange for the issue to their unitholders of units of the receiving AIF and, if applicable, a cash payment not exceeding 10% of the net asset value of the units of each of the merging AIFs;

(c) an act by which one or more AIFs or investment compartments thereof, ("the merging AIFs"), which continue to exist by the time their liabilities have been discharged, transfer their net assets to another investment compartment of the same AIF, or to another existing AIF or to a new established AIF or a new established investment compartment thereof, ("the receiving AIF").

"**receiving AIF**" means an existing AIF or its investment compartment which absorbs -

(a) another AIF; or

(b) an investment compartment of another AIF; or

(c) a newly established AIF created by the merger of two (2) or more AIFs; or

(d) a newly established investment compartment created by the merger of two (2) or more AIFs.

"**merging AIF**" means an existing AIF or its investment compartment which is absorbed by another existing AIF or by a new AIF, or its investment compartment, which is established as a result of the merger

Authorisation for the merger.

86. (1) Mergers of AIFs shall be subject to prior authorisation by the Securities and Exchange Commission.

(2) Under the supervision of one of the AIFs that participate in the merger, or its external manager, in case one is appointed, the following information shall be submitted to the Securities and Exchange Commission, either in an official language of the Republic, or in English in case the documents required by the Law for granting authorisation to all AIFs that participate in the merger, have been submitted to the Securities and Exchange Commission only in English:

(a) the common terms of the merger, approved by the participating AIFs or by their external managers, in case external managers are appointed;

(b) the written consent by each of the depositaries of the receiving and merging AIFs, regarding the realisation of the merger;

(c) the information on the impending merger that the receiving and merging AIF will provide to their unitholders.

(3) In case the Securities and Exchange Commission considers that the information submitted in accordance with section (2) is not complete, shall request additional information within ten (10) working days, the latest, from the date of the submission of that information.

(4) The Securities and Exchange Commission shall examine the possible consequences of the impeding merger to the unitholders of the merging and the receiving AIFs, in order to assess whether sufficient information is provided to the unitholders. In case the Securities and Exchange Commission considers it is necessary or prudent, it may request-

(a) clarifications regarding the information addressed to the unitholders of the receiving and merging AIF, and

(b) to amend or complete the information to be communicated to its unitholders within fifteen (15) working days, the latest, from the date of submission of the information of section (2) from the receiving or merging AIF.

(5) The Securities and Exchange Commission shall inform the participants in the merger within twenty (20) days from the submission of the complete information of section (2), whether it will grant or not authorisation for the merger.

Decision for the merger.

87. (1) (a) Where an AIF operates in the form of a common fund, the decision regarding its merger with another AIF shall be taken by its manager.

(b) Where an AIF operates in the form of an investment company, the decision regarding its merger with another AIF shall be taken by a special resolution at its shareholders' general meeting, unless its instruments of incorporation provide that the relevant decision is taken by its board of directors stating also the necessary quorum or/and majority for the aforementioned decision. The decision of the shareholders' general meeting shall be taken by the majority of the votes represented in the meeting.

It is provided that, the instruments of incorporation of the investment company shall not require a majority percentage higher than 75% of the votes represented in the meeting.

(2) For the purposes of section (1), where an AIF comprises of more than one investment compartments, unitholders shall be considered to be those who hold units in the compartment that takes part in the merger, unless it is otherwise provided for in the fund rules or the instruments of incorporation of the AIF.

(3) Regarding the merger of an AIF that operates in the form of an investment company, an official copy of the merger decision shall be submitted to the Registrar for the purposes of article 365A of the Company Law and a copy of the aforementioned decision shall be attached in every copy of the articles of association of the receiving investment company.

Terms of the merger.

88. (1) The merging and receiving AIFs shall draw up the common terms of the merger, which shall include the following information:

(a) an identification of the type of merger and the particulars of the AIFs participating in the merger;

(b) the framework and the rational for the impending merger;

(c) the expected impact of the impending merger to the unitholders of the merging and the receiving AIFs;

(d) the criteria for the valuation of the assets and where applicable, of the liabilities as at the date of the calculation of the exchange ratio;

(e) the method of calculation of the exchange ratio;

(f) the applicable rules regarding the transfer of assets and the exchange of units;

(g) in case of a merger referred to in paragraph (b) or (c) of the definition "merger" in article 85, the fund rules or instruments of incorporation of the newly established receiving AIF;

(h) the scheduled date of realisation and effective date of the merger.

(2) The Securities and Exchange Commission may, in addition to the information provided for in section (1), require the inclusion of additional information in the terms of the merger.

(3) The Securities and Exchange Commission may, by means of a directive, regulate any technical matters and details relating to the application of this article.

Verification of the merger by the depositary.

89. The depositaries of the merging and receiving AIFs shall verify the compliance of the information provided for in article 88(1)(a), (f) and (g), which are included in the common terms of the merger, with the requirements of this Law and with the fund rules or instruments of incorporation of the respective AIF under their responsibility:

It is provided that, where a depositary is not appointed for any of the participating AIFs, the verification of the previous section shall be conducted on its behalf, by the auditor in accordance with article 90.

Assignment to an independent auditor.

90. (1) The merging and receiving AIFs shall assign an independent auditor to validate the following:

(a) the criteria adopted for the valuation of the assets and where applicable, the liabilities as at the date of the calculation of the exchange ratio;

(b) the cash payment per unit, where applicable; and

(c) the method of calculation of the exchange ratio, as well as the calculation of the exchange ratio.

(2) The auditor of the merging AIF, as well as the auditor of the receiving AIF shall be considered independent auditors, for the purposes of section (1).

(3) A copy of the independent auditor's report shall be communicated on request and free of charge, to the unit-holders of both the merging and the receiving AIFs and to the Securities and Exchange Commission.

Disclosures to and rights of unitholders.

91. (1) The merging and/or the receiving AIF shall provide appropriate and accurate information to their respective unit-holders regarding the impeding merger, so as to enable them to-

(a) have a view and make an informed decision, having a complete knowledge on the impact of the proposal on their investment; and

(b) exercise their rights in accordance with sections 87 and 92.

(2) The information of section (1) shall include the following:

(a) the background and the rationale for the impending merger;

(b) the possible impact of the impending merger on unitholders, including, but not limited to, any material differences in respect of the investment policy and strategy, costs, expected outcome, periodic reporting, possible dilution in performance per unit, and where relevant, a prominent warning to investors that their tax treatment may change after the merger;

(c) any specific rights of the unitholders in relation to the impending merger, including, but not limited to, the right to obtain a copy of the independent auditor's report on request, and the right to request the redemption or repurchase of their units or, if applicable the last date for the exercise of this right;

(d) the important procedural aspects and the scheduled effective date of the merger; and

(e) a copy of the offering document of the receiving AIF.

(3) The information of sections (1) and (2) shall be included on the website of the external manager of the receiving and merging AIFs, or of the AIF itself in case it is internally

managed in accordance with article 6(2)(a) and shall be provided to the unitholders of the merging and receiving AIFs by the means set out in a directive issued by the Securities and Exchange Commission, only where the Securities and Exchange Commission has approved the merger in accordance with section 86. The above mentioned information shall be communicated, at least, thirty (30) days before the last date for the submission of an application for redemption or repurchase, or, where applicable, conversion, without any additional charge in accordance with section 92(1):

It is provided that, the provisions of this section apply to AIFLNPs, as if the reference to article 6(2)(a) is a reference to article 125(1)(a).

(4) The Securities and Exchange Commission may, by means of a directive, specify in detail the content and format of the information referred to in sections (1) to (3).

Right to redeem, repurchase or convert units.

92. (1) The unitholders of the merging and the receiving AIFs have the right to request, without any additional charges than those retained by the AIF to meet the cost of divestment, the redemption or repurchase of their units or, where this is possible, their conversion in units of another AIF with similar investment policy, which is managed by the same external manager or another company with which the external manager is connected with common management or control or qualifying holding:

It is provided that, the above right shall become effective from the moment that the unitholders of the merging and the receiving AIFs are informed about the proposed merger and shall cease to exist five (5) working days before the date of the calculation of the exchange ratio.

(2) (a) Without prejudice to section (1) and by way of derogation from article 7(1), the AIFs that participate in the merger may decide to temporary suspend the subscription, redemption or repurchase of their units, after the relevant approval of the Securities and Exchange Commission, provided that such suspension is required for the protection of the unitholders.

(b) Without prejudice to paragraph (a), the Securities and Exchange Commission may decide to temporary suspend the subscription, redemption or repurchase of the units of the AIF that participates in the merger, where it decides that the suspension is required for the protection of the unitholders.

Expenses relating to the merger.

93. Except for the case of an internally managed AIF in accordance with section 6(2)(a), all expenses associated with the preparation and the completion of the merger, especially

the legal, advisory or administrative costs, shall be borne by the external manager of the merging and/or receiving AIF, and not by the merging or the receiving AIF or their unitholders.

It is provided that, the provisions of this section apply to AIFLNPs, as if the reference to article 6(2)(a) is a reference to article 125(1)(a).

Effective date of the merger.

94. (1) The effective date of the merger and the date of the calculation of the exchange ratio of the units of the merging AIF with units of the receiving AIF, and, where applicable, the date of the determination of the net asset value for cash payments shall be defined in the terms of the merger.

It is provided that, these dates shall be after the approval of the merger by the unitholders of the merging and the receiving AIFs, if such approval is required.

(2) The effective date of the merger shall be communicated by the receiving AIF to the Securities and Exchange Commission, as well as the unitholders, through a durable medium.

Effects of the merger.

95. (1) The realisation and effect of the merger referred to in paragraph (a) of the definition “merger” in article 85, shall have the following results:

(a) the assets of the merging AIF are transferred to the receiving AIF; and

(b) the unitholders of the merging AIF become unitholders of the receiving AIF and where applicable, they are entitled to a cash payment not exceeding 10% of the net asset value of the units they had in the merging AIF; and

(c) the merging AIF shall cease to exist when the merger is effected.

(2) The realisation and effect of the merger referred to in paragraph (b) of the definition “merger” in article 85, shall have the following results:

(a) the total of the assets and liabilities of the merging AIFs shall be transferred to the newly established receiving AIF; and

(b) the unitholders of the merging AIFs shall become unitholders of the newly established receiving AIF and where applicable, they are entitled to a cash payment not exceeding 10% of the net asset value of the units they had in the merging AIFs; and

(c) the merging AIFs shall cease to exist when the merger is effected.

(3) The realisation and effect of the merger referred to in paragraph (c) of the definition "merger" in article 85, shall have the following results:

(a) the net assets of the merging AIF shall be transferred to the receiving AIF;

(b) the unitholders of the merging AIF shall become unitholders of the receiving AIF; and

(c) the receiving AIF shall continue to exist until all its liabilities have been settled.

(4) The external manager of the receiving AIF shall confirm to the depositary of the receiving AIF, that the transfer of all assets and, where applicable, of all liabilities, has been completed. Where the receiving AIF operates in the form of an investment company and has not appointed an external manager, the AIF shall give the aforementioned confirmation to the depositary of the receiving AIF, where applicable.

Tax provisions regarding AIF mergers.

96. (1) The transfer of the assets and liabilities of an AIF due to the merger, shall be exempted from any tax, duty or charge.

(2) In the case of merger of AIFs the provisions of Part VI of the Income Tax Law regarding the reorganisation of companies and the relevant provisions of the Special Contribution for the Defence of the Republic Laws shall apply.

118(I) of 2002
230(I) of 2002
162(I) of 2003
195(I) of 2004
92(I) of 2005
113(I) of 2006
80(I) of 2007
138(I) of 2007
32(I) of 2009
45(I) of 2009
74(I) of 2009
110(I) of 2009
41(I) of 2010
116(I) of 2011
197(I) of 2011
102(I) of 2012
188(I) of 2012
19(I) of 2013
26(I) of 2013
27(I) of 2013
14(I) of 2014
115(I) of 2014
134(I) of 2014
170(I) of 2014
116(I) of 2015

187(I) of 2015
212(I) of 2015
110(I) of 2016
135(I) of 2016
119(I) of 2017
134(I) of 2017
165(I) of 2017
51(I) of 2018
96(I) of 2018.

117(I) of 2002
223(I) of 2002
188(I) of 2003
178(I) of 2007
23(I) of 2009
44(I) of 2009
75(I) of 2009
111(I) of 2009
40(I) of 2010
132(I) of 2010
114(I) of 2011
190(I) of 2011
72(I) of 2012
29(I) of 2013
119(I) of 2015
208(I) of 2015
209(I) of 2015
68(I) of 2016
106(I) of 2017
131(I) of 2017
98(I) of 2018
118(I) of 2018.

Enabling provisions.

97. Without prejudice to other powers granted to the Securities and Exchange Commission by this Chapter, the Securities and Exchange Commission may, by means of a directive, regulate any technical issues and details necessary for the application of the rest of the provisions of this Chapter.

PART III
MARKETING OF UNITS OF AIFs FROM ANOTHER MEMBER STATE OR THIRD COUNTRY INTO THE REPUBLIC

Marketing of units of AIFs established in another member state or third country and which fall within the scope of the

98. (1) An AIF established in another member state or third country, and are externally managed by an AIFM, may market their units in the Republic in accordance with the provision of the Alternative Investment Fund Managers Law or the legislation of another member state which harmonises Directive 2011/61/EE respectively.

Alternative Investment Funds Managers Law, in the Republic.

(2) The Securities and Exchange Commission has the power to take measures against the persons that participate in the marketing network of the units of the AIFs of section (1) in the Republic, in the case of violation of the legal framework of the Republic relevant to them.

Marketing of units of AIFs established in another member state or third country and which do not fall within the scope of the Alternative Investment Funds Managers Law, in the Republic.

99. (1) AIFs established in another member state or third country and which do not fall within the scope of the Alternative Investment Fund Managers Law, may market their units in the Republic, only where they are subject to effective supervision in their home member state, in accordance with the applicable legislation, in order to ensure the protection of investors and on the condition that they have been authorised by the Securities and Exchange Commission for the marketing of their units in the Republic.

(2) The marketing of the units of the AIFs may begin from the date of the communication of the relevant authorisation to the external manager or the AIF, in case it is internally managed, accordingly.

(3) The external manager or the AIF, in case it is internally managed, accordingly, shall communicate to the Securities and Exchange Commission any change in the information in accordance to which the authorisation of section (1) was granted.

(4) The Securities and Exchange Commission, shall withdraw the authorisation granted to the AIF when-

(a) the AIF has obtained the authorisation by making false statements or by any other irregular means; or

(b) the AIF or its external manager no longer fulfils the conditions under which authorisation was granted in accordance with section (1); or

(c) the conditions required or taken into consideration by the Securities and Exchange Commission for granting an authorisation in accordance with section (1)

are no longer satisfied.

(5) In the cases of paragraphs (b) and (c) of section (4), the Securities and Exchange Commission may set a deadline to the external manager or the AIF, in case it is internally managed, to comply. In the case of non-compliance within the above mentioned deadline, the Securities and Exchange Commission may decide to withdraw the authorisation of the AIF.

(6) The Securities and Exchange Commission has the power to take measures against the AIFs of section (1), and against the persons that participate in its marketing network in the Republic, in the case of violation of the legal framework of the Republic relevant to them.

(7) The Securities and Exchange Commission may, by means of a directive, determine the terms, the procedure and the criteria for granting the authorisation of section (1), especially the information to be submitted by the AIF for the granting of authorisation, as well as the marketing and promotion procedure of its units in the Republic.

Common provisions regarding AIFs of sections 98 and 99.

100. (1) An AIF, when promoting, advertising and marketing its units and regarding its marketing communications to investors is subject to the provisions of the legislation of the Republic:

It is provided that, article 36 shall apply proportionately to AIFs marketing their units in the Republic.

(2) AIFs shall take the necessary measures, in order to disclose to its investors in the Republic the information provided to investors in accordance with the legislation of its home country. The information disclosed to the investors in the Republic shall be translated in an official language of the Republic or in the English language.

It is provided that the external manager or the AIF, in case it is internally managed, shall be responsible for the translation of that information, while the translation shall accurately reflect the content of the information in the original document.

(3) The frequency of the publication of the issue, marketing, redemption or repurchase price of the units of the AIF in the Republic shall be determined in accordance with the legal framework of the home member state or home third country of the AIF.

(4) AIFs shall comply with articles 83(1) to (3), as well as any obligations deriving from the directives of the Securities and Exchange Commission issued in accordance with section

83(4), in relation to their marketing communications in the Republic.

It is provided that, all marketing communications of an AIF shall also include information as to where and in which language the offering document is available to investors.

(5) AIFs shall designate a credit institution, in order to ensure to unitholders in the Republic the conduct of payments, the redemption or repurchase of units, and take all appropriate measures to ensure that they comply with their obligations for the publication of information in the Republic.

(6) An AIF marketing its units in the Republic shall include in its business name or name used in the Republic a reference to its legal form, such as “investment company”, “limited partnership” or “common fund”, which is also used it in its home member state or home third country.

(7) The Securities and Exchange Commission may, by means of a directive, specify -

(a) the procedure regarding the marketing of units, especially, the way of the submission of the subscription application in an AIF and the information disclosed to investors with the submission of the application;

(b) the obligations regarding the continuous and ad hoc disclosure of information to investors in the Republic and how this information shall be disclosed;

(c) the qualifications and the certification procedure of the persons participating in the marketing network of the units of a collective investment undertaking and in general, the qualifications and the obligations of these persons;

(d) the obligations in the case of termination of the marketing of units in the Republic.

(9) This article shall apply to the AIFs of articles 98 or 99.

PART IV
LISTED AIFs

Listing of AIF units in a secondary market, for trading.

101. (1) (a) AIF units can be listed on a secondary market for trading; the terms and conditions for the listing, the special obligations arising out of the listing, any obligations provided for in this Law or a Securities and Exchange Commission directive, as well as the rules for the trading, suspension or delisting from the secondary market shall be defined by the legislation and the rules governing the specific market.

(b) In any case, the secondary market in which the AIF units are traded, shall ensure that only the investors to whom the AIF is addressed to shall have access to the market for the purchase of units.

(2) (a) Without prejudice to the provisions of section (1), the listing of a specific category or of specific categories of AIF units in a secondary market, as well as the listing of a specific investment compartment or of specific investment compartments of the AIF in a secondary market, is permitted.

(b) In the case of an AIF which operates in the form of a limited partnership, only the units belonging to its limited partners can be listed in the secondary market.

(c) An AIF is a traded AIF, in accordance with this Law, if the units of at least one category or one investment compartment have been listed in a secondary market. Traded AIF units are only the units of the category or of the investment compartment that have been listed in such a market, and in every case, the total number of the issued units of the specific category or of the investment compartment that has been listed in a secondary market are traded AIF units.

(3) AIF units can be listed in one or more secondary markets, provided that the conditions and the obligations determined by the law and the rules governing the relevant market are fulfilled and complied with.

Conditions for the listing of AIF units in a secondary market, for trading.

102. (1) By way of derogation from the provisions of article 101, the listing of AIF units in a secondary market for trading requires-

(a) either a decision taken by the external manager of the AIF or the AIF, in case it is internally managed, or

(b) a decision taken by the operator of the market, in case the secondary market is a multilateral trading facility.

(2) In the case of paragraph (b) of section (1), the operator of the multilateral trading facility shall, immediately after taking the decision, inform the AIF in writing about its decision to list the AIF units in that market.

(3) (a) Without prejudice to the legislation and the rules governing the specific market, as well as the relevant law which applies to the AIF and the AIF's fund rules or

instruments of incorporation, the traded AIF shall designate specifically authorised persons who are entitled to submit, directly to the AIF, an application for the issue or redemption of primary AIF units.

(b) Only the specifically authorised persons designated by the AIF in accordance with paragraph (a), shall be entitled to submit, directly to the AIF an application for the issue or redemption of primary AIF units.

(c) Without prejudice to the applicable legislation, the specifically authorised persons designated by the AIF in accordance with paragraph (a) shall carry out buy or sell transactions of AIF units with investors.

(4) (a) The traded AIF shall appoint at least a special negotiator, who takes all appropriate measures, so that the trading price of the units does not deviate significantly from the net asset value of the AIF and the indicative Net Asset Value of the AIF.

(b) There shall be no significant deviation of the price where the difference between the trading price of the units and the net asset value of the AIF and the indicative Net Asset Value of the AIF, taking into consideration the characteristics of the assets of the AIF and of the secondary market where its units are traded, does not exceed 5%.

Marketing of listed AIF units.

103. (1) Traded AIF units shall be available to the investors to whom the AIF is addressed, through the secondary market in which they are listed for trading, without prejudice to the possibility for marketing or redemption by the AIF or the possibility for off-floor transfer, provided that the conditions, obligations and procedures for the carrying out of such transactions are fulfilled and complied with.

(2) When the marketing or redemption of traded AIF units is performed by the AIF, the terms and conditions provided for in this Law shall apply in relation to the carrying out of the specific transaction.

Listing of units of AIFs, which are established in another member state or third country, in a secondary market operating in the Republic

104. AIF units of an AIF established in another member state or a third country, can be listed in a secondary market operating in the Republic, provided that the obligations and procedure for the marketing of AIF units in the Republic are complied with and followed.

Asset value, price of units and relevant matters.

105. (1) The AIF shall ensure that throughout the trading of its units, its net asset value, the price of its units, the composition of its assets, the number of units issued, the number of units redeemed, the total number of units of the traded AIF, as well as the indicative price of traded AIF units, shall be calculated and published taking into consideration the special provisions of the legislation and the rules governing the relevant secondary market.

(2) (a) The iNAV of the traded AIF and the indicative price of the traded AIF units shall be calculated in the currency in which the price of units listed in the secondary market is published.

(b) The AIF shall communicate to the unitholders of traded AIF units, following a relevant request and without prejudice to a relevant provision of the legislation and the rules governing the secondary market in which the AIF units are listed for trading, the method for the calculation of the indicative Net Asset Value of the AIF and the indicative price of AIF units, as well as any parameters taken into consideration for this calculation.

(c) When it is impossible for an AIF to calculate its net asset value or the price of its units and its indicative Net Asset Value or indicative price of AIF units, due to a technical or other problem, it shall notify the Securities and Exchange Commission and the unitholders of traded AIF units of this, in such a way as to be able to obtain knowledge immediately and take all necessary steps to resolve the problem.

Special rules for AIF units' pricing.

106. (1) Traded AIF units shall be traded on the secondary market where they were listed, at a price set by the net asset value of the AIF, increased or reduced, as the case may be, by the corresponding expense or commission relating to the issue or redemption of units.

(2) The AIF shall employ proper control mechanisms ensuring that the traded AIF units price is does not significantly deviate, as defined in article 102(4), from the net asset value of the AIF.

(3) (a) In the extraordinary case of significant deviation, as defined in article 102(4), of the price of traded AIF units on the one hand and net asset value and the indicative Net Asset Value of the AIF, despite any actions taken to prevent such deviation, the external manager or the AIF, in case it is internally managed, ensures that the units can be sold by the unitholder off the market in which they are being traded or can be redeemed at a price corresponding to the net asset value of the AIF,

after the deduction of any justified commissions and expenses.

(b) The offering document of the AIF shall describe the procedure followed in the case of paragraph (a), as well as the indicative cost for the unitholder.

Comparing performance against the benchmarks index.

107. An AIF which reflects, replicates or tracks an index, taking into consideration the various methods for reflecting, replicating or tracking that index, shall calculate the maximum level-

(a) of the fluctuation of the difference between the performance of the AIF and of the underlying index as standard deviation, and

(b) of the margin of the current positive or negative performance of the AIF, in relation to the performance of the underlying index.

Cooperation between the Securities and Exchange Commission and other countries' competent authorities.

108. (1) The Securities and Exchange Commission shall cooperate with the respective authorities of the member state where the secondary market, in which the AIF units are traded, operates, in a way that allows the Securities and Exchange Commission and the said authorities to effectively perform their supervisory duties.

(2) The listing of AIF units for trading in a secondary market of a third country prerequisites the existence of a memorandum of understanding or any other type of agreement ensuring the cooperation and exchange of information between the Securities and Exchange Commission and the competent authorities of the third country.

Enabling provision.

109. The Securities and Exchange Commission may, by means of a directive, regulate any technical matter or detail relating to the application of articles 101 to 108.

PART VI
SUPERVISION AND PENALTIES

Chapter 1: Supervision of AIFs

Competences of the Securities and Exchange Commission.

110. (1) The Securities and Exchange Commission is designated as the competent authority to exercise the supervisory responsibilities provided for in this Law.

(2) The Securities and Exchange Commission shall be the competent authority for the supervision of the AIFs of the Republic and fall within the scope of application of this Law or of the Alternative Investment Fund Managers Law, as well as of the persons engaged in AIF activity.

(3) The Securities and Exchange Commission shall cooperate with other competent regulatory or supervisory authorities of the Republic or of other countries –

(a) during the assessment of an application to grant authorisation to an AIF and/or

(b) whenever it considers it necessary,

in order to determine the appropriateness of the AIF, of the members of its governing body, of the persons marketing its units, of its external manager, of its depositary or of any related persons with the aforementioned persons.

(4) The Securities and Exchange Commission shall exercise the supervision of an AIF in relation to the marketing of its units in the Republic and in relation to its compliance with its obligations which result from Part III and the directives of the Securities and Exchange Commission issued in accordance with section 99(7) and 100(7) and, in general, its compliance with the provisions of the applicable legislation.

Powers of the Securities and Exchange Commission.

111. (1) The Securities and Exchange Commission shall exercise its powers-

(a) directly, and/or

(b) in collaboration with other competent authorities or persons, and/or

(c) under its responsibility, in case of delegation of powers to other authorities or persons, and/or

(d) by application to the competent judicial authorities.

(2) The powers of the Securities and Exchange Commission, in accordance with section (1), shall include, among other, the following actions:

(a) demand the termination of any action or to refrain from any act or practice that is contrary to the provisions of this Law or of any provisions of the relevant legislation,

(b) impose a temporary prohibition to the exercise of any professional activity in accordance with the

following procedure:

(i) where the Securities and Exchange Commission finds that a person violates the provisions of this Law or a directive issued pursuant to this Law, may impose to this person a temporary prohibition to the exercise of a professional activity for a period that does not exceed five (5) days, with the possibility of extension for one or more times, for a period of less than five (5) days, in order to terminate of the violation,

(ii) during the prohibition period, the person subject to the prohibition shall make all reasonable actions to revoke the reasons for which the prohibition of professional activity has been imposed,

(iii) if the Securities and Exchange Commission is satisfied that the reasons for which the prohibition has been imposed, are revoked before the end of the first or any five (5) day period, may allow the exercise of professional activity before the expiry of the prohibition period;

(c) adopt any type of measure to ensure that the AIFs, as well as the persons engaged in AIF activity, continue to comply with the requirements of this Law and with the provisions of the applicable legislation of the capital market;

(d) demand to suspend the marketing, redemption or repurchase of AIF units, where this is to the interests of the unitholders of the AIF or of the investors in general.

(3) The Securities and Exchange Commission may delegate to one or more auditors or experts the conduct of a general or special, regular or ad hoc audit of an AIF, as well as of any person engaged in AIF activity, on every matter related to the implementation of this Law or any other provision of the applicable legislation, applying, proportionately, the provisions of articles 50 and 51 of the Cyprus Securities and Exchange Commission Law.

(4) The Securities and Exchange Commission ensures the easy access to complete, accurate and updated information in relation to this Law, the directives of the Securities and Exchange Commission issued pursuant to this Law, and on other regulatory provisions related to the establishment and operation of the AIFs, in an official language of the Republic.

Supplementary provisions.

112. The provisions of the Cyprus Securities and Exchange Commission Law regarding the supervisory authority of the Securities and Exchange Commission, its power to collect information, to carry out investigations and inspections, to

impose penalties, to cooperate with other competent authorities and bodies of other countries and, in general, all its powers, responsibilities and duties pursuant to the said Law, shall apply supplementary to the supervision exercised by the Securities and Exchange Commission in accordance with the provisions of this Law.

Power to issue directives.

113. (1) Without prejudice to any other provisions of this Law regarding the issue of directives, the Securities and Exchange Commission may issue a directive for any matter regulated by this Law which requires further regulation or specification.

(2) The implementation of directives issued by virtue of this Law is obligatory for persons to whom they are addressed; any violation of the implementation of a directive constitutes violation of the provisions of the article by virtue of which the directive was issued.

Professional secrecy and cooperation with other countries' competent authorities and organisations.

114. The provisions of the Securities and Exchange Commission Law, regarding:

(a) the duty of confidentiality and observance of professional secrecy by the Securities and Exchange Commission, as well as, the lifting of professional secrecy in respect of the Securities and Exchange Commission by persons regulated and supervised by the latter and the penalties in case of violation of the professional secrecy; and

(b) the cooperation of the Securities and Exchange Commission with the competent authorities and other bodies of other member states or third countries;

shall apply, proportionately, in the exercise, by the Securities and Exchange Commission, of its powers in accordance with this Law.

Obligation to submit publications and information regarding the AIF.

115. (1) Without prejudice to the provisions that set specific deadlines regarding the submission of data, documents and reports to the Securities and Exchange Commission, all publications, submissions and any notifications done by the external manager or the AIF, in case it is internally managed, mandatory or voluntary, including any marketing communications, shall be submitted to the Securities and Exchange Commission, within two (2) working days from their publication.

(2) The external manager or the AIF, in case it is internally managed, shall issue, upon a request by the Securities and Exchange Commission, at their own expense, clarifying or amended publications; the Securities and Exchange Commission may require the immediate interruption or withdrawal of a publication or announcement, until the external manager or the AIF, in case it is internally managed, issues a clarifying or amended publication, as mentioned above.

(3) The Securities and Exchange Commission may require that the internally managed AIF and every person engaged in AIF activity, to disclose any data or information the Securities and Exchange Commission considers necessary or useful for the conduct of an audit.

(4) Without prejudice to a specific provision of this Law, any amendment to the information submitted to the Securities and Exchange Commission for the granting of AIF authorisation, as this information could be amended during the operation of the AIF, shall be duly disclosed to the Securities and Exchange Commission. The Securities and Exchange Commission, in the exercise of its supervisory duties as provided for in this Law and with the purpose of the protection of the interests of investors and the proper functioning and integrity of the market, may forbid the amendment or allow the amendment subject to specific conditions, or even impose the revocation of the amendment.

Submission of information regarding the AIF.

116. The external manager or the AIF, in case it is internally managed, shall submit to the Securities and Exchange Commission, the information and data, specified in a directive issued by the Securities and Exchange Commission, regarding the AIFs of the Republic or of another member state or of a third country under its management.

AIFs' register.

117. (1) The Securities and Exchange Commission shall maintain a register of all AIFs which it has authorised. The above mentioned register shall include at least:

(a) the name of the AIF and the legal form in which it operates;

(b) the number of authorisation and the date of granting authorisation;

(c) the name of its external manager, if one is appointed;

(d) the name of its depositary; and

(e) the AIF's registered office in case the AIF operates in the form of an investment company, the registered office of its external manager, in case the AIF operates

in the form of a common fund and the AIF's principal place of business in case the AIF operates in the form of a limited partnership.

(2) The submission of the information provided for in section (1) shall be done within three (3) working days from the date of the authorisation of the AIF by the Securities and Exchange Commission.

(3) The Securities and Exchange Commission shall ensure that the investors and every other interested party have access, without any charge, to the register provided for in section (1), during, at least, the working hours. The investors may request from the Securities and Exchange Commission a copy of the registration or registrations in the register and pay the relevant administrative cost specified in a directive of the Securities and Exchange Commission.

Fees and annual contributions.

118. (1) The Securities and Exchange Commission may, by means of a directive, specify -

(a) the cases where the external manager or the AIF, in case it is internally managed, shall pay to the Securities and Exchange Commission-

(i) fees, for the purposes of this Law; and

(ii) annual contributions, at the end of each calendar year, for the purposes of this Law; and

(b) the amount of fees and annual contributions of paragraph (a), as the case may be:

It is provided that, the provisions of paragraphs (a) and (b) shall not apply to an AIFM, which is an internally managed AIF; in this case, the directive issued by virtue of article 73 of the Alternative Investment Fund Managers Law shall apply.

(2) The fees and annual contributions paid in accordance with this article shall be calculated as revenue of the Securities and Exchange Commission, and in case of non-payment, further to the measures taken in accordance with the provisions of this Law, additional measures shall be taken for their receipt in accordance with the provisions of the Securities and Exchange Commission Law.

Justification of the decisions.

119. The Securities and Exchange Commission shall justify, in writing, any decision it takes for the rejection of an application for authorisation provided for in this Law, or any decision it takes for the withdrawal of such authorisation and every negative decision taken pursuant to this Law or its directives whereas, any such decision shall be communicated to the applicant or to the interested AIF.

Chapter 2: Criminal Provisions and Administrative Penalties

Administrative penalties.

120. In case of infringement of the provisions of this Law or a directive of the Securities and Exchange Commission, the following shall apply:

(a) the Securities and Exchange Commission may impose, to any infringer, an administrative penalty not exceeding three hundred and fifty thousand euro (€350.000) and, in case of repetition of the infringement an administrative fine not exceeding seven hundred thousand euro (€700.000), depending on the gravity of the infringement·

(b) where it is established that the person responsible for the infringement has obtained profit as a result of the infringement, or has allowed another person to obtain profit as a result of the infringement, the Securities and Exchange Commission may impose an administrative penalty of up to double the amount the said person gained by the infringement·

(c) the Securities and Exchange Commission, at its discretion and in any way it considers suitable as the case may be, shall disclose to the public any measure or penalty it imposes in accordance with this Law, to an AIF marketing its units in the Republic, as well as any person engaged in AIF activity in the Republic:

It is provided that, the measure or penalty is not published, in cases where such publication may jeopardise the stability of financial markets or may put the interests of investors at risk or cause disproportionate damage to the parties involved·

(d) in case of non-payment of an administrative fine, measures shall be taken for its receipt in accordance with the provisions of the Securities and Exchange Commission Law·

(e) in case an administrative fine is imposed, the Securities and Exchange Commission may also impose the administrative fine of paragraph (a) to-

(i) a legal person·
(ii) a member of the board of directors, an executive or official or any other person, where it is established that the infringement is due to its own fault, wilful omission or negligence.

Criminal offences.

121. (1) A person who, in the course of providing information for any of the purposes of this Law –

(a) makes a statement or submits documents or makes an announcement which is false, misleading or

deceitful as to any fact thereof· or

(b) withholds information or omits the submission of information or in any way impedes the immediate collection of information or the immediate conduct of inspection or entry or investigation of the Securities and Exchange Commission,

is guilty of a criminal 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 by both penalties.

(2) A person using a designation or name or description that creates the impression that it is an AIF of this Law, without being authorised as an AIF by the Securities and Exchange Commission in accordance with this Law, is guilty of a criminal 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 by both penalties.

(3) A person, who knowingly publishes, circulates or distributes advertising material or subscription applications or statements for participation to an AIF, without being able, subject to the provisions of this Law, to distribute its units in the Republic, is guilty of a criminal offence, punishable, upon conviction, by a term of imprisonment not exceeding three (3) years or by a fine not exceeding two hundred thousand euro (€200.000) or by both penalties.

(4) Where a criminal offence in accordance with this Law, is committed by a legal person or by a person acting on behalf of the legal person and it is established that it is either committed with its consent or cooperation or approval or that it has been facilitated by the proven negligence of the natural person who, at the time of the commitment of the criminal offence, held a position as a member of the management, or as an officer, director, general manager, manager, secretary, associate or any other similar position in the legal person, or appears to act in such a capacity, the relevant natural person shall also be guilty for the same criminal offence and shall be subject to the penalties provided for this offence.

(5) A person, who, in accordance with the provisions of section (4), is criminally liable for the offences committed by the 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 constituting the offence.

PART VI
TRANSFER OF AN AIF FROM AND TO THE REPUBLIC

Transfer of an

122. (1) (a) An AIF which is established as an investment

AIF, established under statute, to and from the Republic.

company in another country may continue its operation in the Republic, as AIF subject to the provisions of this Law.

(b) The provisions of sections 354A to 354IH of the Company Law, regarding the transfer of the registered office of a company established in another country to the Republic through the continuance of the operations of the company as a legal entity under the framework or the jurisdiction of the Republic, shall apply to AIFs with a registered office in another country.

(2) (a) An AIF which is established as an investment company in the Republic may continue its operation in another country, as a collective investment undertaking subject to the provisions of the legislation of that country.

(b) The provisions of sections 354A to 354IH of the Company Law regarding the transfer of the registered office of a company established in the Republic to another country through the continuance of the operations of the company as a legal entity under the framework or the jurisdiction of that country, shall apply, proportionately, to internally managed AIFs which operate in the form of an investment company, per article 6(2)(a), and which are not AIFMs which are internally managed AIFs; these provisions shall also apply, to internally managed AIFs which operate in the form of an investment company, per article 6(2)(b).

(3) The Securities and Exchange Commission may, by means of a directive, specify the procedure for the transfer of the registered office to the Republic in accordance with section (1) or the procedure for the transfer of the registered office from the Republic in accordance with section (2).

Transfer of an AIF, established under the law of contract, to and from the Republic.

123. (1) An AIF which is established under the law of contract in another country may continue its operation in the Republic, as AIF subject to the provisions of this Law.

(2) An AIF which is established under the law of contract in the Republic may continue its operation in another country, as a collective investment undertaking subject to the provisions of the legislation of that country.

(3) The Securities and Exchange Commission may, by means of a directive, specify the procedure for the

continuation of operation of AIF established under the law of contract to the Republic in accordance with section (1) or the procedure for the transfer continuation of operation of AIF established under the law of contract from the Republic in accordance with section (2).

PART VII
ALTERNATIVE INVESTMENT FUNDS WITH LIMITED NUMBER OF PERSONS

AIFLNP legal forms, use of designation and characteristics

124. (1) An AIF may be established taking one of the following legal forms:

(a) as an investment company, registered subject to the Companies Law either as a company limited by shares or as a variable capital investment company· or

(b) as a limited partnership, with or without separate legal personality, registered subject to the General and Limited Partnerships and Business Names Law.

(2) Each AIFLNP authorised subject to the provisions of this Part shall include the term “alternative investment fund with limited number of persons” or “AIF with limited number of persons” or “AIFLNP” in its name, and, if the AIFLNP is established as -

(a) an investment company, the term “fixed capital investment company” or the abbreviation “F.C.I.C.”, or the term “variable capital investment company” or the abbreviation “V.C.I.C.”, as the case may be, shall also be included in its name·

(b) a limited partnership, the term “limited partnership” or the abbreviation “L.P.” shall also be included in its name.

(3) The establishment of AIFLNPs is permitted only subject to the provisions of this Law.

(4) The AIFLNP shall not be managed by an AIFM or, in case it is internally managed, it shall not be subject to the Alternative Investment Fund Managers Law.

(5) In addition to what is stated in articles 59 and 69, the instruments of incorporation of the AIFLNP -

(a) shall specify that the fund is addressed only to professional and/or well informed investors·

(b) shall limit the number of its unitholders, including

joint unitholders, to a maximum of fifty (50) natural persons and, in case the unitholder is a legal person, the members or partners of the unitholder shall be taken into account for the calculation of the maximum of fifty (50) natural persons.

(6) The instruments of incorporation of the AIFLNP shall define the measures and the procedures employed to ensure compliance with the limitation of paragraph (b) of section (5) as to the maximum number of unitholders participating in the AIFLNP.

(7) The transfer of the AIFLNP units is void, in case of infringement of the maximum limit of persons participating in the AIFLNP, in accordance with section (5).

(8) The provisions of this Law shall apply to AIFLNPs, excluding the following -

(a) articles 4, 6(2), 8, 11, 12(1) to (3), 13, 14, 21, 24(1)(a), (2)(d)(v), (3) and (4), 26, 27(1), 40, 41, 45, 51, 52(1) to (3), 53, 56(2)(d) and (e), 57(1)(b) and (5), 58(1) and (2), 62, 63(1), (2), (3), (4) and (9), 64, 66(2)(d) and (e), 74(1), (2), (3) and (9) and 75· and

(b) Part III, Part IV, Part VI and Part VIII.

(9) The Securities and Exchange Commission may, by means of a directive, specify any technical matter or detail regarding the application of this article.

Externally and internally managed AIFLNP.

125. (1) The AIFLNP may be setup-

(a) either as an internally managed AIFLNP, where it does not appoint an external manager, if it is established as an investment company or a limited partnership with separate legal personality and the assets under its management do not exceed the thresholds of article 4(2) of the Alternative Investment Fund Managers Law·

(b) or as an externally managed AIFLNP, where it appoints an external manager to perform the investment management functions, which is authorised and operates as -

(i) a UCITS Management Company established in the Republic and which may manage collective investment undertakings other than UCITS· or
(ii) a CIF· or
(iii) an AIF management company authorised in the Republic, for the investment management of

AIFs, whose assets under management do not exceed the thresholds of article 4(2) of the Alternative Investment Funds Manager Law and is subject to prudential supervision subject to law of the Republic· or

(iv) a company established in a third country, which is authorised to provide the portfolio management service and is subject to prudential regulation regarding the provision of this service· or

(v) any company which, in accordance with its instruments of incorporation, has the sole purpose of providing the portfolio management service to the specific AIFLNP. In this case, the appropriateness of the manager of the AIFLNP is assessed by the Securities and Exchange Commission, on the basis of the information submitted in the file of the application to grant authorisation to the AIFLNP, taking into consideration that the manager has to comply with articles 129(4) and 131· or

(vi) a UCITS Management Company authorised by another member state and which may manage collective investment undertakings other than UCITS· or

(vii) an AIF management company authorised in another member state, for the investment management of AIFs, whose assets under management do not exceed the thresholds of Article 3, paragraph 2 of Directive 2011/61/EU and is subject to prudential supervision subject to law of its home member state· or

(viii) an IF established in another member state.

(2) (a) The external manager of the AIFLNP or the AIFLNP, in case it is internally managed may delegate any of functions of article 6(1) to a third party.

(b) The external manager's liability, or in case it is internally managed, the AIFLNP's liability, towards the AIFLNP and/or its investors, shall not be affected by the fact that the AIFM has delegated functions to a third party, in accordance with paragraph (a).

(3) The functions of article 6(1)(a) may be delegated to a third party, provided that the third party is authorised for the purpose of portfolio management and subject to efficient prudential regulation and supervision for providing this service in its home country, in accordance with the legislation of its home country.

(4) (4) The internally managed AIFLNP shall establish and maintain an internal audit and a legal compliance function, which, where appropriate and proportionate in view of the

range, nature, scale and complexity of its business, are independent from its other functions and activities.

(5) By way of derogation from article 24(1)(b) and (c) and sections (2) and (3) of this article, for the delegation of functions relating to the AIF's assets, which are not financial instruments, the external manager or the AIFLNP, in case it is internally managed, may delegate the performance of such functions to a third party which may provide the delegated function within the context of its professional or business activities, for the performance of which is subject to professional registration, recognized by the law or an administrative authority or by professional conduct rules· the third party who undertakes the delegated function has to provide sufficient financial and professional guarantees to be able to effectively perform the delegated function and to fulfil any obligation arising out of such undertaking:

It is provided that the external manager's or the AIFLNP's, in case it is internally managed, liability shall not be affected by the fact that it has delegated functions to a third party, pursuant to this section.

(6) (a) In order for an AIFLNP to be managed by an AIFM or in case the AIFLNP is internally managed and exceeds the threshold of article 4(2) of the Alternative Investment Fund Managers Law during its operation, the fund becomes subject to the Alternative Investment Fund Managers Law and must comply with the provisions of Part II this Law, applicable to AIFs addressed to professional and/or well informed investors, as well as the provisions of the Alternative Investment Fund Managers Law.

(b) Irrespective of the provisions of paragraph (a), the AIFLNP may submit an application to convert to an AIF subject to the provisions of Part II.

(7) The external manager and the AIFLNP, in case it is internally managed, are subject to registration in accordance with article 4(3) of the Alternative Investment Fund Managers Law.

(8) The Securities and Exchange Commission may, by means of a directive, regulate any technical matter or detail regarding the application of this article, as well as any matter relevant to the appointment of external manager and the management of the AIFLNP's assets.

Granting AIFLNP authorisation.

126. (1) The operation of an AIFLNP is subject to the prior granting of authorisation and notification of the authorisation by the Securities and Exchange Commission, only if the Securities and Exchange Commission approves -

(a) the relevant application,

(b) the AIFLNP's instruments of incorporation,

(c) the choice of its external manager, or in case of an internally managed AIFLNP, the persons who effectively conduct the business of the AIFLNP, and

(d) the choice of its depositary, where one is appointed.

(2) The Securities and Exchange Commission shall neither require the external manager of the AIFLNP to be established in the Republic as a condition for authorisation, nor the delegation of the portfolio management of the AIFLNP to an external manager established in the Republic.

(3) The Securities and Exchange Commission shall not grant an AIFLNP authorisation if -

(a) It considers that its external manager, which is established in the Republic, does not satisfy the conditions of -

(i) the Open Ended Undertakings for Collective Investments Law, if the external manager is a UCITS management company established in the Republic·

(ii) a legislation of the Republic subject to which an AIF management company is authorised, for the investment management of AIFs, whose assets under management do not exceed the thresholds of article 4(2) of the Alternative Investment Funds Manager Law, if the external manager is a company referred to in article 125(1)(b)(iii)·

(iii) articles 24(2) and 125(4), if the external manager is an IF·

(iv) articles 129(4) and 13, if the external manager is a company referred to in article 125(1)(b)(v)·

(b) the external manager of the AIFLNP, established in another Member State, does not meet the requirements of articles 125(1)(b)(vi), (vii) or (viii)·

(c) the depositary of the AIFLNP, if one is appointed, does not meet the requirements laid down in this Law, or the person or persons appointed by the depositary as responsible for monitoring the activity of the AIFLNP, are not of good repute or they do not possess sufficient experience, among others, in relation to the type of the AIFLNP subject to authorisation·

(d) the effective exercise of the Securities and Exchange Commission's supervisory functions is prevented by any of the following-

(i) close links between the AIFLNP and other natural or legal persons· or

(ii) the laws, regulations or administrative provisions of a third country governing natural or legal persons with which the AIFLNP has close links· or

(iii) difficulties involved in the enforcement of those laws, regulations and administrative provisions referred to in sub-section (ii).

(4) The Securities and Exchange Commission shall inform the external manager of the AIFLNP or the AIFLNP, in case it is internally managed, within six (6) months of the submission of a complete application file in accordance with sections 12(4) to (6), whether authorisation has been granted:

It is provided that, in case the Securities and Exchange Commission refuses to grant authorisation the reasons for such a decision shall be duly justified and shall also be communicated to the Registrar.

(5) The Securities and Exchange Commission may, by means of a directive, regulate any technical matter or detail regarding the application of this article, as well as any matter relevant to the operation of AIFLNPs in the Republic, specify the information, data and documents submitted to the Securities and Exchange Commission for the granting of authorisation in accordance with section (1) and determine standard forms, templates and procedures for the provision of such information.

Marketing of AIFLNP units.

127. (1) The marketing of AIFLNP units is forbidden before to the granting of authorisation and notification of authorisation by the Securities and Exchange Commission in accordance with article 126(1).

(2) The marketing of AIFLNP units by the external manager or the AIFLNP, in case it is internally managed, or by other persons that act as their representatives, shall take place in accordance with the provisions of the Investment Services and Activities and Regulated Markets Law, as amended, which regulate the investment service of reception and transmission of orders.

(3) The external manager or the AIFLNP, in case it is internally managed, may market the units of the AIFLNP in another member state or third country, addressed only at professional and/or well informed investors, provided that this is permitted by the legislation of the member state or third country, respectively.

(4) Prior to submitting a subscription application for the purchase of AIFLNP units, the potential investor must

receive, through a durable medium, the offering document of the AIFLNP, the minimum content of which, in addition to what is stated in article 79(1), as well as any other detail or technical matters for the application of this section, shall be specified by means of a directive, by the Securities and Exchange Commission.

(5) The redemption or repurchase of units of an AIFLNP shall take place in accordance with the conditions stated in the instruments of incorporation of the AIFLNP, as these may be further specified in its offering document.

(6) The Securities and Exchange Commission may, by means of a directive, regulate any technical matters and details relating to the application of this article, as well as any other matter regarding the marketing of AIFLNP units to professional and/or well informed investors.

Depositary.

128. (1) Subject to the provisions of section (4), the assets of the AIFLNP shall be entrusted for safekeeping to a depositary which-

(a) has its registered office in the Republic or in another member state, or a third country provided that:

(i) in the third country where the depositary is established, the depositaries are subject to prudential regulation and supervision, including minimum capital requirements,

(ii) the third country where the depositary is established is not listed as a Non-Cooperative by the FATF,

(iii) the third country has signed an agreement with the Republic, which fully complies with the standards laid down in Article 26 of the OECD Model Tax convention on Income and on Capital and ensures an effective exchange of information in tax matters including any multilateral tax agreements, and

(b) is a credit institution or an investment firm, or another category of institution established in a member state that is subject to prudential regulation and supervision and which falls within the categories of institutions determined by member states as eligible to be appointed as depositaries·

It is provided that, for the purposes of this paragraph, an investment firm could also be an undertaking authorised by a third country for the provision of safekeeping and administration of financial instruments for the account of its clients, including custodianship and related services such as cash/collateral management, which is subject to prudential regulation and supervision, including

minimum capital requirements, which have the same effect as Union law and are effectively enforced.

(2) By way of derogation from section (1), the AIFLNP which, in accordance with its investment policy, invests in assets which are not subject to custody, as provided by article 24(3)(a) of the Alternative Investment Fund Managers Law, may appoint as depositary an entity performing depositary functions within the context of its professional or business activities, for the performance of which the entity is subject to professional registration recognized by the law, or an administrative authority or by professional conduct rules· the entity has to provide sufficient financial and professional guarantees to be able to effectively perform the depositary functions and to fulfill any obligation arising out of such undertaking.

(3) The depositary of the AIFLNP is entrusted with the tasks provided for in article 24(3) of the Alternative Investment Fund Managers Law.

(4) The AIFLNP may not appoint a depositary -

(a) where its total assets shall not exceed the amount of five million euros (€5.000.000) or its equivalent in another currency, and in case the AIFLNP operates as umbrella AIF, the total assets of all investment compartments shall be calculated for the purposes of this paragraph· or

(b) where its instruments of incorporation limit, throughout the operation of the fund, the number of unitholders to a maximum of five (5) natural persons and in case the AIFLNP operates as umbrella AIF, the number of unitholders participating in all investment compartments shall be calculated for the purposes of this paragraph· or

(c) the portfolio of the AIFLNP consists of assets subject to custody, the value of which does not exceed ten per cent (10%) of its total assets and-

(i) its instruments of incorporation shall limit, throughout the operation of the fund, the number of unitholders to a maximum of twenty five (25) natural persons and in case the AIFLNP operates as umbrella AIF, the number of unitholders participating in all investment compartments shall be calculated for the purposes of this paragraph· and
(ii) each one of its unitholders invests at least five hundred thousand euros (€500.000) in the AIFLNP.

(5) The Securities and Exchange Commission may, by means of a directive, regulate any technical matter or detail regarding the application of this article, as well as any matter relevant to the appointment of depositary and the safekeeping of the AIFLNP's assets.

Minimum level of assets and initial capital.

129. (1) (a) The AIFLNP must, within twelve (12) months from the date its authorisation was granted, raise at least two hundred fifty thousand euros (€500.000) worth of capital from investors, and for the purposes of this article the capital commitments shall not be included in the calculation of the minimum level of assets:

It is provided that, in the case of an umbrella AIF, the requirement for a minimum level of assets applies to each investment compartment·

It is further provided that, in case of an internally managed AIFLNP, the calculation of the minimum level of assets excludes the initial capital requirement of this section (4).

(b) The Securities and Exchange Commission may, upon the submission of a written request by the external manager of the AIFLNP or the AIFLNP, in case it is internally managed, decide to extend the period of paragraph (a) up to another twelve (12) months, if this is deemed necessary due to the specific circumstances of the case.

(2) The payments made by investors towards the AIFLNP, shall be made in cash or assets that relate to the investment policy of the AIF, and which are free of liens.

(3) The non-cash payments made by investors towards the AIF must be valued at the time of the payment, by an independent valuer who meets the requirements of Article 73 of Regulation (EU) No. 231/2013.

(4) Without prejudice to the provisions of section (1), an internally managed AIFLNP shall have, at any time, either in cash or assets readily convertible to cash, an initial capital of at least fifty thousand euro (€50.000)· the own funds shall not be calculated in the assets of the AIFLNP which are used for investment purposes:

It is provided that, in case the own funds consist of cash, they shall be deposited into an account of a credit institution established in a member state, in the name of the AIFLNP.

(5) The Securities and Exchange Commission may, by means of a directive, specify technical matters and details for the application of this article.

Reduction of assets or capital of an investment company.

130. (1) When the assets of the investment company are reduced and fall below the two thirds (2/3) of the minimum assets requirement, as this is specified by article 129(1) or when the initial capital of the investment company is reduced and fall below the two thirds (2/3) of the minimum initial capital requirement, as this is specified by article 129(4), its board of directors shall call a general meeting of its shareholders, in order to decide in relation to its dissolution; the decision can be taken by simple majority of the shareholders present or represented at the general meeting, without the need for a quorum.

(2) When the assets of the investment company are reduced and fall below the one fourth (1/4) of the minimum assets requirement, as this is specified by article 129(1) or when the initial capital of the investment company is reduced and fall below the one fourth (1/4) of the minimum initial capital requirement, as this is specified by article 129(4), its board of directors shall call a general meeting of its shareholders, in order to decide in relation to its dissolution; the decision can be taken by a majority of the one fourth (1/4) of the votes of the shareholders present or represented at the general meeting, without the need for a quorum.

(3) In the cases of sections (1) and (2), the general meeting shall be called within forty (40) days from the day of the reduction of the assets or initial capital by two thirds (2/3) or one fourth (1/4), as applicable.

(4) The board of directors of the investment company shall disclose, without undue delay, the fact that the assets or initial capital of the investment company were reduced by two thirds (2/3) or one fourth (1/4) as applicable, to the Securities and Exchange Commission which may demand the dissolution and liquidation of the investment company.

Management and conduct of business.

131. (1) The governing body of the internally managed AIFLNP consists of at least three (3) natural persons, of which at least one (1) performs executive duties therein.

(2) The business of the internally managed AIFLNP is conducted by at least two (2) natural persons, which are of sufficiently good repute and possess sufficient knowledge and experience to perform their duties, and they fall within the definition senior management:

(3) When a depositary is appointed, the persons who effectively direct the business of the external manager of the AIFLNP or the AIFLNP, in case it is internally managed, shall not participate in the governing body or senior management of the AIF's depositary, and vice versa.

(4) In case of an externally managed AIFLNP, the members of the governing body and the persons who conduct the

business of the external manager of the AIFLNP shall disclose to the external manager their capacity which could give rise to a conflict of interest while carrying out their duties and more specifically their capacity as members of the governing body, or as persons who conduct the business of another AIFLNP or another collective investment undertaking, or as members of an external manager, other than the one managing the specific AIFLNP.

Dissolution and liquidation of AIFLNP.

132. (1) The investment company is dissolved and put into liquidation-

(a) in case the Securities and Exchange Commission withdraws its authorisation in accordance with article 133, or

(b) when the period of its operation provided in its instruments of incorporation lapses, unless the instruments of incorporation are amended before the end of the period of operation of the investment company, so that the period of its operation is extended or becomes indefinite, or

(c) with the occurrence of an event which, according to the instruments of incorporation of the investment company, constitutes a reason for its dissolution and liquidation, or

(d) in case of full redemption of its units, or

(e) following a decision taken at its general meeting, including the cases of articles 130(1) and (2), or

(f) without prejudice to the case of an internally managed AIFLNP which operates in the form of an investment company, when its external manager is dissolved, resigns, put into liquidation or the authorisation granted to the external manager is revoked, and a replacement is not appointed, or

(g) when its depositary is dissolved, resigns, put into liquidation or the authorisation granted to the depositary is revoked, and a replacement is not appointed.

(2) Where the authorisation of an investment company is revoked, the Securities and Exchange Commission may submit to the Court an application for the liquidation of the investment company and the appointment of a liquidator or a temporary liquidator in accordance with the provisions of the Company Law.

(3) Where an investment company is put under liquidation, in

addition to the provisions of this Law, the liquidation provisions of Part V of the Company Law shall also apply to the extent that they do not conflict with the provisions of this Law.

(4) In case the investment company is an umbrella AIF, its dissolution takes place when its last remaining investment compartment is dissolved.

(5) The limited partnership is dissolved and put into liquidation-

(a) in case the Securities and Exchange Commission withdraws its authorisation in accordance with article 133, or

(b) when the period of its operation provided in its partnership agreement lapses, unless the partnership agreement is amended before the end of the period of operation of the limited partnership, so that the period of its operation is extended or becomes indefinite, or

(c) with the occurrence of an event which, according to the partnership agreement of the limited partnership, constitutes a reason for its dissolution and liquidation, or

(d) in case of full redemption of its units, or

(e) without prejudice to the case of an internally managed AIFLNP which operates in the form of a limited partnership, when its external manager is dissolved, resigns, put into liquidation or the authorisation granted to the external manager is revoked, and a replacement is not appointed, or

(f) when its depositary is dissolved, resigns, put into liquidation or the authorisation granted to the depositary is revoked, and a replacement is not appointed, or

(g) following a relevant decision by its partners, which is taken by a majority of two thirds (2/3) of the issued units of the limited partnership, and under the condition that the general partner votes in favor of such decision, or

(h) following a relevant decision by its external manager, which is taken when the assets of the limited partnership are reduced and fall below the one fourth (1/4) of the minimum assets requirement, as specified by article 129(1), or

(i) following a relevant decision by the external

manager, which is taken when the initial capital of the limited partnership are reduced and fall below the two thirds (2/3) of the minimum initial capital requirement, as specified by article 129(4):

It is provided that, the general partner shall disclose, without undue delay, the fact that the assets or initial capital of the limited partnership were reduced, to the Securities and Exchange Commission, which may demand the dissolution of the limited partnership.

(6) Where a limited partnership is dissolved in accordance with section (5), the general partner shall ensure that a relevant notification is published in the Official Gazette of the Republic.

(7) The following shall apply in case of dissolution and liquidation of a limited partnership:

(a) the dissolution of the limited partnership is followed by its liquidation, which is carried out in accordance with the terms of its partnership agreement and the provisions of the General and Limited Partnerships and Business Names Law,

(b) the liquidation shall result to the distribution of its assets of the limited partnership, under the responsibility of its liquidator,

(c) the external manager of the limited partnership is appointed as liquidator, unless the dissolution is due to a fact provided in paragraph (e) of section (6) and is related to the external manager; in this case the liquidator of the limited partnership is appointed by the depositary. Where the fact provided in paragraph (e) of section (6) is related to the depositary, the liquidator is appointed by the Securities and Exchange Commission by its decision, and article 25 shall apply proportionately:

It is provided that, the liquidator may not delegate its duties regarding the liquidation to a third party.

(d) in case the liquidator does not exercise its duties diligently, the Securities and Exchange Commission may appoint a replacement of the liquidator following the request of any person who has a legitimate interest therein.

(8) The Securities and Exchange Commission may, by means of a directive, specify any technical matter or detail regarding the application of this article.

Withdrawal of

133. (1) The Securities and Exchange Commission may decide to

AIFLNP authorisation.

withdraw the authorisation of an AIFLNP when-

(a) the AIFLNP has obtained the authorisation by making false statements or by any other irregular means; or

(b) the AIFLNP does not raise the minimum assets within the timeframe provided for in article 129(1)(a); or

(c) the AIFLNP does not raise the minimum assets within the extended timeframe provided for in article 129(1)(b); or

(d) the AIFLNP has ceased the activity covered by its authorisation for a time period longer than six (6) months; or

(e) the AIFLNP no longer fulfils the conditions under which authorisation was granted; or

(f) the investment company or the limited partnership expressly renounces its authorisation, informing the Securities and Exchange Commission in writing.

(2) The Securities and Exchange Commission may withdraw the authorisation of an AIFLNP when the internally managed AIFLNP or external manager of the AIFLNP does not comply with the authorisation requirements of the AIFLNP or its obligations deriving from the law governing its operation.

(3) In the cases of sections (1) and (2), the Securities and Exchange Commission shall communicate its decision regarding the withdrawal of the authorisation of the AIFLNP to its external manager or the AIFLNP, in case it is internally managed, and the Registrar. Following the communication of the decision of the Securities and Exchange Commission regarding the withdrawal of the authorisation, AIFLNP is dissolved and put into liquidation in accordance with article 132.

PART VIII
REGISTERED ALTERNATIVE INVESTMENT FUNDS

Operation of RAIFs.

134. (1) An AIF may operate as a RAIF, in accordance with the provisions of this Law, when all of the following apply-

(a) the RAIF is an externally managed AIF,

(b) the RAIF is addressed to professional and/or well informed investors, and

(c) its fund rules or instruments or incorporation, as the case may be, shall specify that it is subject to the

provisions of this Part.

(2) A RAIF may be established taking one of the following legal forms:

(a) as a common fund, in accordance with the provisions of articles 4(2)(a) and 45 to 52, which shall apply proportionately, excluding any reference in those articles to authorisation or any other type of approval or decision by the Securities and Exchange Commission, notification or any other form of notice to the Securities and Exchange Commission by the AIF· or

(b) as an investment company, in accordance with the provisions of articles 4(2)(b), 54(3), 55, 58(4) and (5), 59, 60(1)(b), (2) and (3), 62(1) to (3) and 63, which shall apply proportionately, excluding any reference in those articles to authorisation or any other type of approval or decision by the Securities and Exchange Commission, notification or any other form of notice to the Securities and Exchange Commission by the AIF or the operation of the AIF an internally managed AIF· or

(c) as a limited partnership, in accordance with the provisions of articles 4(2)(c), 65(1)(b), (2), (3) and (4), 67 to 71, 72, 73 and 74, which shall apply proportionately, excluding any reference in those articles to authorisation or any other type of approval or decision by the Securities and Exchange Commission, notification or any other form of notice to the Securities and Exchange Commission by the AIF or the operation of the AIF an internally managed AIF.

(3) (a) Issues not regulated by the provisions of this Law regarding the legal form of RAIFs, are subject to the relevant provisions of the Company Law, in case of an investment company, or the General and Limited Partnerships and Business Names Law, in case of a limited partnership.

(b) the provisions of this Law shall apply to RAIFs, excluding articles 6(2)(a), 11 to 13, 56, 66 and 117, and in case the RAIF is managed by an AIFM, articles 16 to 22, 24 and 26 to 33 shall not apply.

(4) Without prejudice to article 4(2), each RAIF shall include the term “Registered Alternative Investment Fund” or “RAIF” in its name.

(5) RAIFs can operate as umbrella AIF, with more than one investment compartments, in accordance with article 9 and, depending of its legal form, shall specify in its fund rules or instruments of incorporation that it operates with more than one investment compartments:

It is provided that each compartment of the RAIF operating as an umbrella AIF shall be subject to the provisions of this Law as a separate RAIF.

External manager and depositary of a RAIF.

135. (1) The RAIF shall appoint as its external manager-

(a) an AIFM of the Republic, or

(b) an EU AIFM, or

(c) a non-EU AIFM, in case it may passport its services in accordance with Directive 2011/61/EU, and which has determined a member state of reference.

(2) (a) Irrespective of section (1) and subject to paragraph (b), a RAIF established as a limited partnership, with or without separate legal personality, in accordance with the General and Limited Partnerships and Business Names Law, may appoint as its external manager one of the entities of article 6(2)(b).

(b) In case the entity of article 6(2)(b) is not an AIFM, the following conditions shall apply:

(i) the RAIF invests, at least seventy per cent (70%) of its assets to illiquid assets, and
(ii) the RAIF is a closed-ended AIF.

(3) (a) The obligations of the external manager arising from the relevant law which regulates the external manager shall proportionately apply to the RAIFs under its management, and in case of resignation or replacement of the external manager, for any reason, article 25 shall apply.

(b) The AIFM as the external manager of the RAIF shall -

(i) ensure that the RAIF has the necessary organisational structure and corporate governance enabling it to operate effectively in order to achieve its objective, and that the persons employed by or offering services to the RAIF have the necessary expertise and experience, in order to be able to respond to their tasks,
(ii) establish and apply procedures for the control and monitoring of the operation of the RAIF, in accordance with sub-section (i), keep records of the results of the control and monitoring which

shall be provided to the Securities and Exchange Commission, upon such request by the latter,

(iii) ensure that the units of the RAIF are addressed only to professional and/or well informed investors.

(4) The AIFM, as the external manager of the RAIF, shall notify the Securities and Exchange Commission for any change regarding the RAIF, immediately and prior to the implementation of such change, which results to the RAIF not operating in accordance with section (3)(b)(i).

(5) The AIFM, as the external manager of the RAIF, appoints a depositary, in relation to which articles 23 to 28 of the Alternative Investment Fund Managers Law apply.

(6) (a) The entities of article 6(2)(b), which are not AIFMs, and which are appointed as external manager of the RAIF which operates in the form of a limited partnership, shall appoint a depositary, in relation to which articles 26(3) and (4), 27 to 31 and 34(1)(a), (b) and (d) of this Law apply.

(b) The replacement of the depositary entails the amendment of the partnership agreement, in accordance with article 32(5) to (7).

(c) In case the depositary of the RAIF resigns for any reason, article 32 shall apply.

(d) The replacement of the depositary takes place in accordance with article 33.

(7) Without prejudice to the right of the Securities and Exchange Commission to request the provision of data or information by the external manager of the RAIF, subject to the provision of this Law or the Alternative Investment Fund Managers Law, the Securities and Exchange Commission may request the provision, by the external manager of the RAIF, of any information or data in order to conclude that the RAIF complies with the legislation of the Republic relevant to the establishment and operation of RAIFs.

Minimum level of assets of a RAIF.

136. When the external manager of the RAIF is an AIFM, the RAIF shall comply with article 14, regarding the minimum amount of assets raised by investors· in relation to the valuation of its assets, the provisions of article 20 shall apply, to the extent that they do not conflict with the provisions of the Alternative Investment Fund Managers Law.

RAIF units.

137. (1) (a) Without prejudice to the case of RAIF units listed in a secondary market subject to section (2), the transfer of RAIF units shall be carried out under the conditions

laid down in the fund rules or instruments of incorporation of the RAIF, and shall apply, in relation to the RAIF from the time the RAIF is notified in writing of such transfer, and in relation to a third party from the time of registration of the transfer in the Unitholders' Register.

(b) The fund rules or instruments of incorporation of the RAIF may -

(i) provide for the approval, either prior or after the acquisition of units, of each new unitholder, under the relevant terms and procedures, specifying also the procedure for non-approval of the unitholder by the RAIF·

(ii) include a preference clause for the transfer of units to the rest of the unitholders or a specific unitholder or specific unitholders, specifying the relevant procedure to be followed in case the right holder of the preference right does not exercise his right:

It is provided that, in case of transfer of units which are not fully paid, until the day of the transfer, the transferor and the transferee shall be jointly and severally liable for the payment of the remaining amount, if this is provided in the fund rules or articles of association of the RAIF:

It is further provided that, the transfer of RAIF units shall be void in case the provisions of this section or a clause of the fund rules or instruments of incorporation regarding the transfer of units are not complied with.

(2) (a) The provisions of Part IV shall apply when a RAIF lists its units or a category of its units in a secondary market.

(b) In case the units of the RAIF have been listed in a secondary market, they may not be subject to a public takeover bid or an exchange.

(3) The prices of AIF units may be published at the Cyprus Stock Exchange or another secondary market, subject to the provisions of article 8(2).

Registration in the RAIF's register and deletion from it.

138. (1) An AIF which complies with the provisions of article 134 may operate as a RAIF, upon its registration in a register (the "RAIFs Register") kept by the Securities and Exchange Commission· RAIFs shall not be granted authorisation by the Securities and Exchange Commission.

(2) The external manager of the RAIF shall, within one (1) month from the date of the registration of the RAIF with the

Registrar, in case the RAIF is established as an investment company or a limited partnership, or from the date of the drafting of its fund rules, in case the RAIF is established as a common fund, submit to the Securities and Exchange Commission an application for the registration of the RAIF in the relevant RAIFs Register, which is accompanied by the following documents and data:

(a) information regarding the investment strategies, including the types of underlying funds if the AIF is a fund of funds, and the external manager's policy as regards the use of leverage, and the risk profiles and other characteristics of the RAIF it manages or intends to manage,

(b) the fund rules or instruments of incorporation of each RAIF it intends to manage,

(c) information on the arrangements made for the appointment of the depositary in accordance with articles 23 to 28, for each RAIF the AIFM intends to manage,

(d) the offering memorandum of the RAIF,

(e) in case the external manager of the RAIF is an AIFM of the Republic or an EU AIFM or a non-EU AIFM, which may passport its services in accordance with Directive 2011/61/EU, and which has determined a member state of reference, the authorisation granted to it in accordance with the Alternative Investment Fund Managers Law or the legislation of another Member State which harmonises Directive 2011/61/EE respectively.

(3) The Securities and Exchange Commission shall, within one (1) month from the date of submission of the information of section (2), examine and verify whether the authorisation of the AIFM covers the management of an AIF with the investment policy of the RAIF, and in when it confirms that it is covered, registers the RAIF in the RAIFs Register and informs its external manager:

It is provided that, when the Securities and Exchange Commission decides that it shall not register the RAIF in the RAIFs Register, it shall inform its external manager of such decision.

(4) Marketing of RAIF units is not permitted prior to the registration of the RAIF in the RAIFs Register.

(5) The external manager of the RAIF shall notify the Securities and Exchange Commission for any change in the data or information submitted to the Securities and Exchange

Commission, as well as other data and information which are submitted pursuant to this Part.

(6) In case the change of section (5) relates to the investment policy of the RAIF, its external manager shall inform the Securities and Exchange Commission at least one (1) month before the implementation of such change; the Securities and Exchange Commission shall examine and verify whether the authorisation of the AIFM covers the management of an AIF with the investment policy of the RAIF, and when it confirms that it is not covered, rejects the change.

(7) (a) The external manager shall disclose, without undue delay and in writing, the fact that the RAIF or itself is under liquidation, in order for this to be registered in the RAIFs Register; when the liquidation is completed, the liquidator shall-

(i) prepare a special report regarding the liquidation, which is examined and signed by an auditor, and submitted to the Securities and Exchange Commission, and
(ii) notify the Securities and Exchange Commission and the unitholders of the RAIF that the liquidation is complete.

(b) The external manager shall submit to the Securities and Exchange Commission a confirmation that the dissolution and liquidation of the RAIF were completed in accordance with the provisions of this Law· the Securities and Exchange Commission shall, upon receipt of the special report and the confirmation, delete the RAIF from the RAIFs Register:

It is provided that, unitholders may request and receive a copy of the special report either by the liquidator or the external manager of the RAIF.

(8) The Securities and Exchange Commission shall keep the RAIFs Register up to date with any new data or information submitted by the external manager of the RAIF.

(9) A RAIF shall be deleted from the RAIFs Register once its dissolution and/or liquidation are complete and the documents of section (7) are submitted to the Securities and Exchange Commission.

(10) The Securities and Exchange Commission may, by means of a directive, specify any detail or matter regarding the registration of a RAIF in the RAIFs Register or its deletion from it.

Chapter 2: RAIF Operation

Disclosure requirements.

139. (1) The cover of the offering document of the RAIF shall include in a prominent section that -

(a) the RAIF is not authorised by the Securities and Exchange Commission;

(b) the RAIF is addressed only to professional and/or well informed investors; and

(c) the registration of the RAIF in the RAIFs Register is not equivalent to authorisation by the Securities and Exchange Commission.

(2) The cover of the RAIF's marketing communications, which are addressed to its investors, shall include in capital letters the following -

(a) the RAIF is not authorised by the Securities and Exchange Commission;

(b) the RAIF is addressed only to professional and/or well informed investors; and

(c) the registration of the RAIF in the RAIFs Register is not equivalent to authorisation by the Securities and Exchange Commission.

It is provided that, the information and statements included in the marketing communications of the RAIF shall not contradict or downgrade the significance of the information contained in the offering document of the RAIF.

Marketing of RAIF units.

140. The marketing of RAIF units to its investors is carried out in accordance with the provisions of article 36(1), (2), (3), (5), (6) and (7).

Mergers between RAIFs.

141. (1) The merger of a RAIF, within the meaning of article 85, is allowed with an existing RAIF or when the merger results in the establishment of a new RAIF, under the condition that all RAIFs participating in the merger have the same legal form.

(2) The decision regarding the merger of the RAIF shall be taken by the unitholder's general meeting· when investment compartments are merged, the unitholders of the investment compartments shall take the decision.

(3) The external managers of the RAIFs shall draw up the common terms of the merger, which shall include the terms subject to which the merger will occur· the terms of the merger shall be drawn up in either in an official language of the Republic, or in English and shall include the information of article 88(1)· the terms of the merger shall be communicated to the unitholders through a durable medium, in accordance with the fund rules or instruments of incorporation of the

RAIF, and shall also be submitted to the Securities and Exchange Commission.

(4) The depositaries of the RAIFs which participate in the merge, shall verify the compliance of the information provided for in article 89 and the provisions of article 91 shall apply.

(5) Each unitholder of the RAIF has the right to request, without any additional charges than those retained by the AIF to meet the cost of divestment· the unitholders may exercise this right after they are notified of the terms of the merger and until five (5) working days prior to the anticipated execution date:

It is provided that, the fund rules or instruments of incorporation of the RAIF may specify that the right of redemption of a unitholder may not be exercised during the merger of the RAIF.

(6) The external manager may decide that the issue of units is suspended from the date unitholders are notified of the terms of the merger and until the execution of the merger· such decision shall be included in the terms of the merger.

(7) The external managers of the RAIFs participating in the merger shall be responsible for the provision of information, by the RAIFs, to their unitholders enabling them to -

(a) take a decision regarding the merger, having full knowledge of the situation, impact and consequences of the merger, and

(b) exercise their rights regarding the decision for the merger and, as the case may be, for the redemption of their units in accordance with section (5).

(8) (a) The provisions of article 93 shall apply with regards to the expenses relating to the merger, while the effects of the merger occur in accordance with articles 94 and 95· article 96 shall also apply.

(b) The unitholders of the RAIF participating in the merger, and which operate in the form of a limited partnership, maintain their capacity as limited partners in the RAIF created after the merger took place, and at least one of the general partners of the RAIFs shall maintain his capacity as general partner.

(9) When the merger does not result in the creation of a new RAIF, the procedure for the establishment of a RAIF shall be followed and the RAIF which still exists after the merger is effected shall amend its fund rules or instruments of incorporation, so that the merger is explicitly referred in them.

(10) The Securities and Exchange Commission may, by means of a directive, regulate any technical matter or detail relating to the application of this article.

Enabling provisions.

142. (1) Without prejudice to other powers granted to the Securities and Exchange Commission by this Part, the Securities and Exchange Commission may, by means of a directive, regulate any technical issues and details regarding the operation of RAIFs.

(2) The implementation of directives issued by the Securities and Exchange Commission pursuant to this Part is obligatory for persons to whom they are addressed.

PART IX
TAX PROVISIONS

Tax provisions.

143. (1) An AIF that is governed by the provisions of Part II, an AIFLNP established and operating in accordance with this Law and the persons that acquire units of the above mentioned AIF are subject to the provisions of the Income Tax Law and the Special Contribution for the Defence of the Republic Law.

(2) The establishment of the AIFs referred to in section (1), the subscription, redemption or repurchase or the transfer of its units are exempted from the stamp duty provided for in the Stamp Duty Law.

19 of 1963
21 of 1967
36 of 1968
17 of 1969
26 of 1971
38 of 1972
79 of 1977
29 of 1980
8 of 1984
160 of 1991
60(I) of 1992
68(I) of 1994
1(I) of 1995
9(I) of 1998
121(I) of 2002
222(I) of 2002
179(I) of 2004
209(I) of 2004
130(I) of 2007
152(I) of 2007
173(I) of 2012
92(I) of 2015
211(I) of 2015
136(I) of 2017
99(I) of 2018.

(3) The provisions of sections (1) and (2) shall also apply to

RAIFs when they are subject to the taxation provisions· the unitholders of the RAIF are not subject to taxation for their profits or benefits from their participation in the RAIF, which have already been subject to taxation in accordance with these provisions.

PART X
FINAL AND TRANSITIONAL PROVISIONS

Transitional provisions.

144. (1) Without prejudice to article 10 of the interpretation Law, the directives of the Securities and Exchange Commission and other regulatory decisions which were issued pursuant to the Alternative Investment Funds Laws of 2014 and 2015, shall continue to apply, until amended or replaced by directives or regulatory decisions, pursuant to the provisions of this Law.

Cap.1. 11 of 1989.

131(I) of 2014 11(I) of 2015.

(2) Without prejudice to article 10 of the interpretation Law, the acts and decisions of the Securities and Exchange Commission which were legally issued or taken pursuant to the Alternative Investment Funds Laws of 2014 and 2015, shall remain in force, unless they are amended or revoked by the Securities and Exchange Commission or annulled by the relevant court subject to the provisions of Article 146 of the Constitution.

(3) The international collective investment schemes which were authorised in accordance with the International Collective Investment Schemes Law, which before the entry into force of this Law were operating as AIFs or AIFLNPs, pursuant to the provisions of article 120 of the Alternative Investment Funds Laws of 2014 and 2015, shall be considered as AIFs or AIFLNPs authorised under this Law.

47(I) of 1999 63(I) of 2000.

(4) Administrative and other penalties imposed by the Securities and Exchange Commission pursuant to the provisions of the Alternative Investment Funds Laws of 2014 and 2015, shall remain in force as if they were imposed pursuant to this Law.

(5) Any applications submitted to the Securities and Exchange Commission, pursuant to the Alternative Investment Funds Laws of 2014 and 2015, and which at the time of entry into force of this Law were under examination or are still pending, shall be updated within three (3) months from the entry into force of this Law, so that they include any new data and information required under this Law.

(6) (a) In the case of international collective investment schemes which filed an application with the Securities and Exchange Commission, in accordance with article 120(1)(b) of the Alternative Investment Funds Laws of

2014 and 2015, the provisions of article 120(3) of the Alternative Investment Funds Laws of 2014 and 2015 shall continue to apply, until the granting of authorisation as AIFs or AIFMs of the Republic:

It is provided that, in case an international collective investment scheme is not granted with an authorisation, it must proceed with its dissolution in accordance with article 120(2) of the Alternative Investment Funds Laws of 2014 and 2015:

It is further provided that, the international collective investment schemes, until their dissolution or granting of authorisation as AIFs or AIFMs of the Republic, shall remain subject to the International Collective Investment Schemes Laws of 1999 and 2000, irrespective of their repeal by article 122 of the Alternative Investment Funds Laws of 2014 and 2015.

(b) For the of international collective investment schemes which complied, within the specified timeframe, with articles 114 to 118 of the Alternative Investment Funds Laws of 2014 and 2015 and have submitted all information, data and documents required for the submission of an application for authorisation of an AIFLNP, in accordance with article 120(1)(a) of the Alternative Investment Funds Laws of 2014 and 2015, the provisions of article 120(4) of the Alternative Investment Funds Laws of 2014 and 2015 shall continue to apply until the Securities and Exchange Commission informs them, in writing, that they fulfil the requirements for their operation as AIFLNPs.

Continuation of operation of AIFs and AIFLNPs.

145. The international collective investment schemes of article 144(3), AIFs, AIFLNPs and their external managers which were established and operating before the entry into force of this Law, must comply with any new obligation arising from this Law within twelve (12) months from the entry into force of this Law.

Repeal of Laws. 131(I) of 2014 11(I) of 2015.

146. Without prejudice to the provisions of article 144(6), the Alternative Investment Funds Laws of 2014 and 2015 shall be repealed.