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**LAW PROVIDING FOR THE ESTABLISHMENT AND OPERATION OF CYPRIOT COMPANIES FOR THE
ADMINISTRATION OF UNDERTAKINGS FOR COLLECTIVE INVESTMENTS AND RELATED
MATTERS**

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The Establishment and Operation of Cypriot Companies for the Administration of Undertakings for Collective Investments and Related Matters Law of 2025 is issued upon its publication in the Official Gazette of the Republic of Cyprus pursuant to Article 52 of the Constitution.

Number 101(I) of 2025

LAW PROVIDING FOR THE ESTABLISHMENT AND OPERATION OF CYPRIOT COMPANIES FOR THE ADMINISTRATION OF UNDERTAKINGS FOR COLLECTIVE INVESTMENTS AND RELATED MATTERS

Preamble. For purposes of regulating the operation and supervision of Cypriot Companies for the Administration of Undertakings for Collective Investments,

The House of Representatives enacts as follows:

**PART I
INTRODUCTORY PROVISIONS**

Short title. 1. This Law shall be cited as the Establishment and Operation of Cypriot Companies for the Administration of Undertakings for Collective Investments and Related Matters Law of 2025.

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

“market timing” means the receipt of multiple applications for the marketing or redemption of UCI units within a short period of time, with the aim of profiting from any time difference as well as from the resulting difference in the net asset value of the UCI;

“authorisation” means the authorisation of a CCAUCI granted by the Cyprus Securities and Exchange Commission pursuant to the provisions of this Law;

“applicant” means a company established in the Republic applying for an authorisation in accordance with the provisions of section 8;

124(I) of 2018. “mutual fund” has the meaning attributed to this term by article 2 of the
78(I) of 2012 Alternative Investment Funds Law or the Open-Ended Undertakings for
88(I) of 2015 Collective Investment Law, where applicable;

52(I) of 2016

134(I) of 2019

134(I) of 2021

154(I) of 2022

10(I) of 2025.

“delegation of administration functions by a CCAUCI” means -

- 56(I) of 2013
8(I) of 2015
97(I) of 2015
133(I) of 2019
135(I) of 2021
157(I) of 2021
9(I) of 2025.
- (a) the delegation of one or more administration functions of Part III of Annex I by a CCAUCI to another person, in accordance with the provisions of section 21 of the Alternative Investment Fund Managers Law, where these administration functions have been delegated to a CCAUCI by an AIFM of the Republic;
- (b) the delegation of one or more administration functions of Part IV of Annex I by a CCAUCI to another person, in accordance with the provisions of the legislation of another member state transposing Article 20 of Directive 2011/61/EU or, in the absence of such legislation, as otherwise this article would apply in the member state, where those administration functions have been delegated to a CCAUCI by an EU AIFM;
- (c) the delegation of one or more administration functions of Part I of Annex I by a CCAUCI to another person, in accordance with the provisions of paragraph 6 of the Securities and Exchange Commission Directive titled "The delegation of one or more activities or functions of the Management Company to a third person and related matters Directive," where these functions have been delegated to a CCAUCI by a UCITS manager of the Republic or by an internally managed UCITS of the Republic;
- (d) the delegation of one or more administration functions of Part II of Annex I by a CCAUCI to another person, in accordance with the provisions of the legislation of another member state transposing Directive 2009/65/EC or, in the absence of such legislation, as otherwise this directive would apply in the member state and/or which regulates the further delegation of administration functions by the third person to which the UCITS manager has delegated functions, where these functions have been delegated to a CCAUCI by an EU UCITS manager or by an internally managed EU UCITS;
- (e) the delegation of one or more administration functions of Part VI of Annex I by a CCAUCI to another person, in accordance with the provisions of article 24 of the Small Alternative Investment Fund Managers Law, where these functions have been delegated to a CCAUCI by a Small AIFM, excluding a Small AIFM of a member state;
- (f) the delegation of one or more administration functions of Part V of Annex I by a CCAUCI to another person, in accordance with the provisions of section 23 of the Alternative Investment Funds Law, where these functions have been delegated to a CCAUCI by an external manager of AIF of the Republic or by an internally managed

Official Journal
of the EU: L 174,
1.7.2011,
p.1.

Official Gazette,
Annex Third (I):
15.10.2012.

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

81(I) of 2020.

AIF of the Republic, which does not fall under the cases provided for in paragraphs (a), (b) or (e);

- (g) the delegation of one or more administration functions of Part VII of Annex I by a CCAUCI to another person, in accordance with the relevant legislation, in any other case;

“senior management” means the natural persons who effectively manage one or more CCAUCI activities and may include the executive members of the board of directors;

“holding assessment” means the assessment of holding provided for in subsection (1) of section 16;

“Republic” means the Republic of Cyprus;

"distribution of income" means a payment made by a UCI to its unit-holder, excluding the payment made in connection with the redemption or repurchase of units;

"UCI manager" means

- (a) an EU UCI manager;
- (b) a non-EU AIFM; or
- (c) a non-EU AIF when internally managed;

“UCITS manager” means a UCITS manager of the Republic and an EU UCITS manager;

“UCITS manager of the Republic” means a UCITS management company of the Republic authorised to operate pursuant to the provisions of the Open-Ended Undertakings for Collective Investment Law;

“EU UCITS manager” means an EU UCITS management company authorised to operate pursuant to the legislation of another member state which transposes Directive 2009/65/EC or, in the absence of such legislation, as otherwise provided for in that Directive in the member state;

“EU UCI manager” means -

- (a) a UCITS manager;
- (b) an AIFM of the Republic or an EU AIFM; or
- (c) the EU UCI itself, when internally managed.

“board of directors” means the CCAUCI’s board lawfully appointed and has the power to determine the strategy, objects and general direction of the company and supervises and monitors the decision-making process regarding the management and business activities of the CCAUCI;

“AIFM” has the meaning attributed to this term by subsection (1) of section 2 of the Alternative Investment Fund Managers Law;

“non-EU AIFM” has the meaning attributed to this term by subsection (1) of section 2 of the Alternative Investment Fund Managers Law;

“AIFM of the Republic” has the meaning attributed to this term by subsection (1) of section 2 of the Alternative Investment Fund Managers Law;

“EU AIFM” has the meaning attributed to this term by subsection (1) of section 2 of the Alternative Investment Fund Managers Law;

"registered office" means the registered office of a company, as provided for in section 102 of the Companies Law;

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
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
149(I) of 2018
163(I) of 2019
38(I) of 2020
43(I) of 2020
191(I) of 2020
192(I) of 2020
43(I) of 2021
117(I) of 2021
150(I) of 2021
151(I) of 2021
87(I) of 2022
88(I) of 2022
96(I) of 2022
213(I) of 2022
80(I) of 2023

151(I) of 2023
18(I) of 2024
25(I) of 2024
26(I) of 2024
101(I) of 2024
138(I) of 2024
28(I) of 2025.

"EU" means-

- (a) the European Union; and
- (b) the European Economic Area;

"qualifying holding" means a direct or indirect holding in a CCAUCI, which -

190(I) of 2007
72(I) of 2009
143(I) of 2012
60(I) of 2013
163(I) of 2014
164(I) of 2014
35(I) of 2016
56(I) of 2017.

- (a) represents 10 % or more of the capital or of the voting rights in accordance with in section 28, paragraphs (a), (b), (c) and (d) of subsection (1) of section 29 and subsection (1) of section 30 of the Transparency Requirements (Securities Admitted to Trading on a Regulated Market) Law, taking into account the conditions regarding aggregation of the holding laid down in subsections (1) and (2) of section 34 and subsections (1) and (2) of section 35 of the said Law; or

- (b) makes it possible to exercise a significant influence over the management of the CCAUCI in which that holding subsists;

"late trading" means the receipt of an application for buying or redeeming UCI units after a designated cut-off time on a specific date and the execution of the corresponding transaction at the price on that date"

"minimum capital" means the minimum own funds required under the provisions of section 17 for a CCAUCI to be authorised.

"external manager" has the meaning attributed to this term by subsection (1) of section 2 of the Alternative Investment Fund Managers Law;

87(I) of 2017
44(I) of 2020
78(I) of 2021
91(I) of 2021
159(I) of 2021
9(I) of 2022
18(I) of 2023.

"Investment Firm" or "IF" has the meaning attributed to this term by section 2 of the Investment Services and Activities and Regulated Markets Law;

73(I) of 2009
5(I) of 2012
65(I) of 2014
135(I) of 2015
109(I) of 2016
137(I) of 2018
56(I) of 2019
152(I) of 2020
46(I) of 2022.

“Securities and Exchange Commission” or “Commission” means the Cyprus Securities and Exchange Commission established and operating under the provisions of the Cyprus Securities and Exchange Commission Law;

“operational memorandum” means the multilateral memorandum drawn up between the CCAUCI and the other persons involved in the UCI’s activity, including a third-party provider to whom the CCAUCI delegated administration functions, where applicable, which regulates, inter alia, the provision and flow of information from and/or to the CCAUCI, which is necessary for the performance of the administration functions;

“company” means a company incorporated under the Companies Law;

“management company of UCITS of the Republic” means a management company within the meaning attributed to this term by subsection (1) of section 2 of the Open-Ended Undertakings for Collective Investment Law;

“EU UCITS management company” means a management company within the meaning attributed to this term by the legislation of another member state transposing Article 2(1)(b) of Directive 2009/65/EC or, in the absence of such legislation, as this provision would otherwise apply in the member state;

“investment company” means, where applicable, a variable capital investment company within the meaning attributed to this term by subsection (1) of section 2 of the Open-Ended Undertakings for Collective Investment Law or an investment company within the meaning attributed to this term by subsection (1) of section 2 of the Alternative Investment Funds Law;

“limited partnership” has the meaning attributed to this term by section 2 of the Alternative Investment Funds Law;

“UCI depositary” means-

- (a) a depositary within the meaning of the Alternative Investment Funds Law in the case of AIFs of the Republic or a person performing similar functions in the case of EU AIFs or non-EU AIFs;
- (b) a depositary within the meaning of the Open-Ended Undertakings for Collective Investment Law or the legislation of another member state

transposing Directive 2009/65/EC or, in the absence of such legislation, as otherwise applicable in that member state;

Official Journal
of the EU L.182,
29.06.2013,
p.19.

“subsidiary company” or “subsidiary undertaking” has the meaning attributed to the term “subsidiary undertaking” by Article 2(10) and Article 22 of Directive 2013/34/EU and includes any subsidiary of a subsidiary undertaking of the parent undertaking, which is at the head of those undertakings;

“NAV” means net asset value;

"regulation" means the mutual fund regulation, as defined in the Alternative Investment Funds Law or the Open-Ended Undertakings for Collective Investment Law, where applicable;

Official Journal
of the EU L.176,
27.06.2013,
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”;

"statutory documents" means -

Cap.116.
77 of 1977
54(I) of 2011
146(I) of 2011
147(I) of 2014
144(I) of 2015
95(I) of 2016
147(I) of 2018
86(I) of 2022
103(I) of 2024.

(a) the memorandum and articles of association in accordance with the Companies Law, in the case of a UCI of the Republic in the form of an investment company, or the corresponding document based on the law of the country of incorporation of the UCI in corporate form, in the case of a UCI that is not a UCI of the Republic;

(b) the partnership agreement in accordance with the provisions of the General and Limited Partnerships and Business Names Law, in the case of a UCI of the Republic in the form of a limited partnership, or the corresponding document based on the law of the country of incorporation of the UCI in the form of partnership or other contractual form, in the case of a UCI that is not a UCI of the Republic;

(c) the regulation relating to a UCI of the Republic incorporated in the form of a mutual fund;

"relevant legislation" has the meaning attributed to this term in section 2 of the Cyprus Securities and Exchange Commission Law;

“member state” means a 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 in Brussels on the 17th of March 1993, as further amended or replaced from time to time;

"UCITS home member state" has the meaning attributed to this term in subsection (1) of section 2 of the Open-Ended Undertakings for Collective Investment Law;

"Cypriot Companies for the Administration of Undertakings for Collective Investments" or "CCAUCI" means a company performing UCI administration functions authorised to operate under the provisions of this Law;

"UCI administration functions" or "administration functions" means, where applicable, the functions provided for in Parts I to VII of Annex I;

"UCI portfolio valuation administration function" means the administration function referred to as portfolio valuation in Parts I to VII of Annex I;

"UCI unit issue and/or redemption administration function" means the administration function referred to as-

- (a) issue and redemption of units in Part I of Annex I;
- (b) issues of units and redemptions in Part II of Annex I;
- (c) issues and redemptions of AIF units in Part III of Annex I;
- (d) issues of units/shares and redemptions in Part IV of Annex I;
- (e) issues and redemptions of AIF units in Part V of Annex I;
- (f) issues and redemptions of AIF units in Part VI of Annex I;
- (g) issues and redemptions of AIF units in Part VII of Annex I;

"UCI unit-holder register maintaining administration function" means the administration function referred to as maintaining of unit-holder register in Parts I to VII of Annex I;

"UCI NAV calculation administration function" means the administration function referred to as the pricing of the unit in Parts I to VI of Annex I;

"unit" or "UCI unit" means holding or unit or interest in a UCI of a statutory, contractual or other form, depending on the legal form that the UCI is permitted to take and does take in accordance with the relevant UCI legislation and may also include fractions of such units, where permitted;

"UCI unit-holder" or "unit-holder" regarding a UCI means a person who, in accordance with the relevant legislation governing the establishment and

	operation of the UCI in question, holds a unit in the UCI and whose holding is recorded in the unit-holder register of that UCI;
Official Journal of the EU L.182, 29.06.2013, p.19.	“parent company” or “parent undertaking” means a parent undertaking within the meaning of Article 2(9) and Article 22 of Directive 2013/34/EU;
	“CCAUCI register” means the CCAUCI register kept electronically by the Commission on its website in accordance with the provisions of section 34;
	“unit-holder register” or “UCI unit-holder register” means the register in which the unit-holders of the relevant UCI are recorded, kept in accordance with the relevant UCI legislation and which certifies the holding in the relevant UCI;
	«Small AIFM” or “SAIFM” has the meaning attributed to this term by clause (1) of article 2 of the Small Alternative Investment Fund Managers Law;
	“SAIFM of a member state” has the meaning attributed to this term by clause (1) of article 2 of the Small Alternative Investment Fund Managers Law;
	“Directive” means a regulatory administrative act of the Securities and Exchange Commission published in the Official Gazette of the Republic;
Official Journal of the EU: L 302, 17.11.2009, p.32.	“Directive 2009/65/EC” means the act of the European Union titled “Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS);
Official Journal of the EU: L 335, 17.12.2009, p.1.	“Directive 2009/138/EC” means the act of the European Union titled “Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)”;;
Official Journal of the EU: L 174, 01.07.2011, p.1.	“Directive 2011/61/EU” means the act of the European Union titled “Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No. 1060/2009 and (EU) No. 1095/2010”;
Official Journal of the EU: L 182, 29.06.2014, p.19.	“Directive 2013/34/EU” means the act of the European Union titled "Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC;
Official Journal of the EU: L 176,	“Directive 2013/36/EC” means the act of the European Union titled ‘Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013

27.06.2009,
p.338.

on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC”;

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

“Directive 2014/65/EU” means the act of the European Union titled "Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU”;

“non-EU AIF” has the meaning attributed to this term by subsection (1) of section 2 of the Alternative Investment Fund Managers Law;

“AIF of the Republic” means an AIF established and operating under the provisions of the Alternative Investment Fund Managers Law;

“EU AIF” has the meaning attributed to this term by subsection (1) of section 2 of the Alternative Investment Fund Managers Law;

“applicable legislation” means applicable delegation legislation and/or applicable UCI legislation;

“applicable delegation legislation” means all legislative or other regulatory rules regulating the delegation of administration functions and which, where applicable, are:

- (a) the Open-Ended Undertakings for Collective Investment Law, in the case of delegation of administration functions to a CCAUCI by a manager of a UCITS of the Republic;
- (b) the legislation of another member state transposing Directive 2009/65/EC or, in the absence of such legislation, as otherwise applicable in that member state, in the case of delegation of administration functions to a CCAUCI by an EU UCITS manager;
- (c) the Alternative Investment Fund Managers Law, in the case of delegation of administration functions to a CCAUCI by an AIFM of the Republic authorised to operate pursuant to the provisions of section 8 thereof;
- (d) the legislation of an EU AIFM's home member state transposing Directive 2011/61/EU or, in the absence of such legislation, as otherwise applicable in the member state, in case of delegation of administration functions to a CCAUCI by an EU AIFM authorised to operate pursuant to the aforementioned legislation;
- (e) the Small Alternative Investment Fund Managers Law, in the case of delegation of administration functions to a CCAUCI by a SAIFM of the Republic or by a CIF, approved by the Securities and Exchange

Commission to provide AIF administration functions pursuant to the provisions of paragraph (b) of subsection (5) of section 5 of the Investment Services and Activities and Regulated Markets Law;

- (f) the Alternative Investment Funds Law, in the case of managers of an AIF of the Republic that do not fall under the cases provided for in paragraphs (c) and (e);
- (g) the relevant legislation governing the establishment and operation of a UCI manager and/or the applicable UCI legislation in any other case;

“applicable UCI legislation” means all legislative or other regulatory rules regulating the establishment and operation of the respective UCI in relation to which the administration functions are performed and which, where applicable, are:

- (a) the Open-Ended Undertakings for Collective Investment Law, in the case of a UCITS of the Republic;
- (b) the legislation of the UCITS home member state transposing Directive 2009/65/EC or, in the absence of such legislation, as otherwise applicable in that member state, in the case of EU UCITS;
- (c) the Alternative Investment Funds Law, in the case of AIFs of the Republic;
- (d) the relevant legislation governing the establishment and operation of the said UCI in any other case;

“Alternative Investment Fund” or “AIF” has the meaning attributed to this term by subsection (1) of section 2 of the Alternative Investment Fund Managers Law;

“UCI” or “Undertaking for Collective Investments” means a UCI of the Republic and/or an EU UCI and/or a Non-EU UCI;

“UCI of the Republic” means a UCITS of the Republic and/or an AIF of the Republic;

“EU UCI” means an EU UCITS and/or an EU AIF;

“Non-EU UCI” means a Non-EU UCI;

“UCITS of the Republic” means a UCITS within the meaning attributed to this term by subsection (1) of section 2 of Open-Ended Undertakings for Collective Investment Law;

“EU UCITS” means UCITS within the meaning of the legislation of another Member state transposing Article 1 of Directive 2009/65/EC or, in the absence of such legislation, as otherwise provided in that Article in the Member state;

“performance evaluation parameters” means the parameters agreed between the CCAUCI and the third-party provider, in the case of delegation of administration functions by a CCAUCI, for the evaluation of the services provided thereby, such as price, delivery time of the delegated functions, error rates, and any asymmetries in the matching process;

“ancillary function” means the function provided for in Annex II;

“client” means the UCI manager and/or the UCI, which, on the basis of the applicable legislation on delegation, delegates administration functions and functions related thereto;

“holding assessment period” means the period of at least sixty (60) working days from the date of written confirmation of receipt of the notification provided for in section 14 together with all documents required by the Commission to be attached thereto in accordance with the list referred to in paragraph (4) of section 16;

“credit institution” has the meaning attributed to this term by Article 4, paragraph 1, item (1) of Regulation 575/2013;

“persons involved in the UCI activity” means, where applicable, the UCI manager and/or the UCI, if it has legal personality and/or is internally managed, and/or the UCI custodian, if applicable, and/or the CCAUCI and/or the persons holding UCI units, as well as persons to whom the aforementioned persons have delegated relevant services;

“person” means a natural person or a legal person or other legal entity or arrangement with or without legal personality;

“proposed acquisition of holding” means the proportion of voting rights or capital that the proposed acquirer will hold in a CCAUCI and which shall amount to or exceed the thresholds of twenty percent (20%), thirty percent (30%), or fifty percent (50%), or which would result in the CCAUCI becoming its subsidiary undertaking;

“close links” means the situation between two or more persons in which the persons are linked by-

- (a) a holding relationship, namely ownership, directly or by way of control, of at least twenty percent (20%) of the capital or voting rights of a company; or

- (b) a control relationship, namely a relationship between a parent undertaking and a subsidiary undertaking, in all cases provided for in Article 22(1) and (2) of Directive 2013/34/EU or a similar relationship between any natural and legal person and an undertaking, and any subsidiary of a subsidiary undertaking shall also be deemed to be a subsidiary of the parent undertaking, which is at the head of those undertakings; or
- (c) a link by which both or all of these persons are permanently linked to the same person by a control relationship;

“disaster recovery plan” means procedures designed to ensure the continuity of administration functions through alternative arrangements in the case of an event that results in either the interruption of administration functions or the need for urgent transfer of activities to an alternative provider and/or geographical location, including a budget of the relevant financial cost incurred by the CCAUCI;

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

“NAV calculation” means the calculation of the NAV of the UCI concerned, based on the provisions of the relevant UCI legislation and this Law, by the CCAUCI or by a third-party provider in the case of delegation of administration functions by a CCAUCI, which-

- (a) is carried out for the purposes of conducting transactions between unit-holders or potential unit-holders with the UCI concerned or for the purposes of compliance of the UCI concerned with the relevant UCI legislation; and
- (b) is disclosed, provided to existing or potential unit-holders or otherwise made available to them by the CCAUCI or the third-party provider;

“proposed acquirer” means a person who, individually or in concert with other persons, has decided either to acquire, directly or indirectly, a qualifying holding in a CCAUCI or to further increase, directly or indirectly, a qualifying holding in a CCAUCI;

2. In this Law and in the directives or in other regulatory administrative acts issued thereunder,

- (a) any reference to a legislative act of the European Union, such as Directive, Regulation or Decision, shall mean the said act as corrected, amended or replaced from time to time, unless the context otherwise requires;
- (b) any reference to a law or regulatory administrative act of the Republic, shall mean the said law or regulatory administrative act as corrected,

amended or replaced from time to time, unless the context otherwise requires;

- (c) any reference to a UCI shall include its investment compartments and any reference to a UCI manager shall refer to the UCI itself, where it is internally managed;

Scope of application of this Law.

- 3. (1) This Law shall apply to any person performing UCI administration functions from or in the Republic upon delegation by a client.
- (2) This Law shall regulate, inter alia, the following:
 - (a) the conditions for authorising a CCAUCI, their organisation and operation;
 - (b) the performance of administration functions by a CCAUCI;
 - (c) the delegation of administration functions by a CCAUCI;
 - (d) the supervision of CCAUCIs by the Securities and Exchange Commission; and
 - (e) the cooperation of the Securities and Exchange Commission with other competent supervisory authorities for the purpose of implementing the provisions of this Law.
- (3) The performance of administration functions by a CCAUCI and the obligations provided for in this Law shall apply without prejudice to the obligations and formalities laid down by the relevant legislation, where applicable.

Exceptions from the scope of application of this Law.

- 4. This Law shall not apply-
 - (a) to UCITS managers of the Republic in relation to the performance of administration functions from or in the Republic following a relevant delegation by a client in accordance with the applicable delegation legislation;
 - (b) to AIFMs of the Republic, including AIFMs falling under subsection (2) of section 4 of the Alternative Investment Fund Managers Law, in relation to the performance of administration functions from or in the Republic following a relevant delegation by a client in accordance with the applicable delegation legislation;

- (c) to a person who, during his professional activities, provides valuation services, provided that the person does not perform any UCI administration functions.

PART II

CONDITIONS FOR THE GRANTING OF AUTHORISATION AND THE OPERATION OF A CCAUCI

CHAPTER I

GENERAL CONDITIONS AND PROCEDURES FOR THE GRANTING OF AUTHORISATION OF A CCAUCI AND GENERAL ORGANISATIONAL REQUIREMENTS

- | | | |
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| Right to perform administration functions. | 5. | <p>(1) Subject to the exceptions in section 4, only CCAUCIs authorised under the provisions of section 8 shall be permitted to perform UCI administration functions from or in the Republic.</p> <p>(2) Undertakings established in the Republic, which are not CCAUCIs shall be prohibited from using the terms "fund administrator", "investment fund administration services", "fund accounting" as well as similar terms in any language in their name.</p> |
| Conditions for undertaking activities as CCAUCI. | 6. | <p>(1) A CCAUCI shall be permitted to perform UCI administration functions in accordance with the provisions of subsection (1) of section 5 only if it has been previously authorised in accordance with the provisions of section 8.</p> <p>(2) The CCAUCI shall always comply with the conditions for the granting of an authorisation:</p> <p>(3) (a) The Commission shall register the CCAUCIs in the CCAUCI register, which shall be accessible to the public, as specifically provided for in section 34.</p> <p style="padding-left: 40px;">(b) The CCAUCI register shall contain the administration functions for which the CCAUCIs have been authorised, as well as the information specifically provided for in section 34.</p> <p>(4) Every CCAUCI shall have its registered office and head office in the Republic.</p> <p>(5) A CCAUCI shall be prohibited from undertaking any activity other than the performance of UCI administration functions, unless it obtains the Commission's approval, which shall be granted when the Commission deems that the circumstances so require and is satisfied that the undertaking of such activity by the CCAUCI shall not affect the sound performance of UCI administration functions.</p> |

(6) The Commission may approve the undertaking of another activity in accordance with the provisions of subsection (5) subject to conditions or restrictions with which the CCAUCI must comply.

(7) The authorisation may also cover the ancillary activity:

Provided that, under no circumstances shall an authorisation be granted solely for the ancillary activity.

Scope of
authorisation.

7. (1) The authorisation shall specify the UCI administration functions that the CCAUCI shall be authorised to perform.
- (2) Where a CCAUCI wishes to extend its authorisation to cover additional UCI administration functions, including those not provided for at the time the authorisation was granted, it may submit an application to the Commission for an extension of its authorisation for approval.

Procedures for
approving and
rejecting applications
for authorisation.

8. (1) The Commission shall not grant an authorisation unless it is fully satisfied that the applicant meets the requirements of this Law and of the Directives issued thereunder.
- (2) The applicant shall provide all information and data, as specified in this Chapter, required in order for the Commission to be satisfied that the applicant has established, at the time of obtaining the authorisation, the necessary arrangements to fulfill its obligations under this Chapter, including the following:
- (a) information on the members of the applicant's board of directors in accordance with section 11;
 - (b) information on senior management;
 - (c) information on shareholders in accordance with section 13;
 - (d) the applicant's organisational structure;
 - (e) a programme of activities setting out, inter alia, the types of activities proposed and specifying the administration functions that the applicant intends to provide, the UCI type, including their supervisory classification, their geographical allocation, as well as how the applicant intends to comply with the relevant legislation;
 - (f) a model operating memorandum for the performance of administration functions, including the ancillary function, where applicable, the flow of information and the regulation of other operational issues with the persons involved in the UCI's

- activity, including the escalation and resolution of problematic situations;
- (g) a model operational memorandum for cases where administration functions are delegated by the applicant;
 - (h) the applicant's memorandum and articles of association;
 - (i) the contracts that the applicant has or intends to sign with service or facility providers related to the resumption or uninterrupted continuation of the performance of administration functions, including the ancillary activity;
 - (j) information on its software systems;
 - (k) a detailed report on the measures for the continuation of functions and the relevant backups, including the disaster recovery plan;
- (3) For the purposes of subsection (1), the Securities and Exchange Commission may request the submission of any additional or clarifying information or data, beyond that provided for in subsection (2), if it deems that such information is necessary or useful in order to decide whether or not to grant the authorisation.
- (4) The information provided for in subsections (2) and (3) shall be submitted either in an official language of the Republic, or in an official language of the Republic and in its English translation, or in English only provided this is accepted by the Commission.
- (5) The Commission shall issue an application form for obtaining and extending a CCAUCI authorisation, which shall describe the necessary information and data, including the information and data provided for in subsection (2).
- (6) The members of the applicant's board of directors, who sign the application, shall be responsible for the correctness, completeness and accuracy of the application for obtaining an authorisation as well as of the accompanying information.
- (7) An application fee shall be paid for the examination of the application, as provided for in section 35.
- (8) The application shall be deemed complete when the Commission receives all necessary information and data and the relevant application fee required by the Commission under the provisions of this Law and of the Directives issued thereunder has been paid.

- (9) The Commission shall inform the applicant within six (6) months of the submission of a complete application of the approval or rejection of the application for an authorisation.
- Revocation of authorisation.
9. (1) The Commission may revoke the authorisation in case the CCAUCI-
- (a) obtained the authorisation based on false statements or in any other irregular manner;
 - (b) no longer meets the conditions under which the authorisation was granted, or expressly renounces it;
 - (c) has committed serious and repeated violations of the provisions of this Law; or
 - (d) falls under any of the cases in which the legislation in force, which regulates matters outside the scope of this Law, provides for the revocation of the relevant authorisation.
- (2) In the event of revocation of the authorisation-
- (a) the CCAUCI shall immediately cease to provide new administration services; and
 - (b) the Commission shall delete the CCAUCI from the CCAUCI register.
- (3) Without prejudice to the settlement and liquidation obligations arising under provisions other than those in this Law, a CCAUCI whose authorisation has been revoked shall liquidate its obligations arising from the administration functions provided prior to the revocation within a period of three (3) months from the date of being notified of the Commission's decision.
- (4) The Securities and Exchange Commission may, by way of a Directive, determine and/or specify the procedure for the application of the provisions of this section.
- Suspension of authorisation.
10. (1) The Securities and Exchange Commission may suspend, in whole or in part, the CCAUCI authorisation in cases where there are reasonable grounds for a possible violation of the provisions of this Law and/or of the Directives issued thereunder and/or any other capital market legislation, which may seriously jeopardize the interests of the UCIs for which it performs administration functions or, in general, the orderly functioning of the capital market.

- (2) In the case provided for in subsection (1), the decision to suspend the authorisation may be taken by the Chairman and/or Vice-Chairman of the Commission who shall inform the Commission's Board at its next meeting.
- (3) In the event of suspension of an authorisation pursuant to the provisions of this section, the Securities and Exchange Commission shall set a deadline for the CCAUCI to comply with the reasons for the suspension.
- (4) The CCAUCI shall inform the Commission of its compliance within the deadline specified in subsection (3).
- (5) If the Commission is satisfied that the reasons for suspending the authorisation no longer exist, it shall revoke the suspension and inform the CCAUCI accordingly.
- (6) In case -
 - (a) the CCAUCI fails to inform the Commission of its compliance; or
 - (b) the Commission is not satisfied that the CCAUCI has complied with the reasons for suspending the authorisation,

the Commission, regardless of the provisions of subsection (1) of section 9, may revoke the CCAUCI's authorisation, in which case the authorisation shall remain suspended until a decision is made on whether or not to revoke it;

- (7) In the event of total suspension of the authorisation, the CCAUCI shall not be permitted to perform any UCI administration functions, including the ancillary function, where applicable.
- (8) In the event of partial suspension of the authorisation, the CCAUCI shall not be permitted to perform the UCI administration functions, including the ancillary function, where applicable, for which the authorisation has been suspended.
- (9) The suspension of an authorisation, pursuant to the provisions of this section, may be carried out simultaneously with and immediately upon initiation of the procedure for revoking the authorisation as specified in section 9, in case where the Commission deems that the continuation of the operation of the CCAUCI, until a decision is taken on whether or not to revoke the authorisation, is likely to jeopardize the interests of the UCI for which the CCAUCI performs administration functions or, in general, the orderly functioning of the capital market.

- (10) The Securities and Exchange Commission may, by means of Directives, determine or specify the procedure for the application of the provisions of this section.
- Board of Directors. 11. (1) When granting an authorisation pursuant to the provisions of section 8, the Commission shall be satisfied that the applicant and its board of directors comply with the provisions of this section and of section 12.
- (2) Notwithstanding the provisions of section 33, the CCAUCI shall have primary responsibility to ensure that the members of its board of directors are at all times of sufficiently good repute, integrity and have sufficient knowledge, skills, and experience to perform their duties and that they meet, in particular, the requirements set out in subsections (3) to (10).
- (3) The members of the board of directors shall devote sufficient time to the performance of their duties at the CCAUCI.
- (4) The board of directors shall comprise at least two (2) natural persons.
- (5) The persons provided for in subsection (4) shall perform executive duties, be senior executives and reside permanently in the Republic.
- (6) (a) With regard to the number of positions on boards of directors that a CCAUCI board member may simultaneously hold, the specific circumstances, nature, size and complexity of the CCAUCI's activities shall be taken into account.
- (b) Except in case where they represent the Republic, the board members of the CCAUCI, which is significant in terms of size, internal organisation, nature, scope, and complexity of its activities, shall be prohibited from simultaneously holding more than one of the following combinations of positions on boards of directors:
- (i) one executive board member position and two (2) non-executive board member positions;
- (ii) four (4) non-executive board member positions.
- (7) For the purposes of subsection (6), the following shall be counted as one board member position:
- (a) executive or non-executive board member positions held within the same group;

(b) executive or non-executive board member positions held in companies in which the CCAUCI has a qualifying holding.

- (8) Board member positions in organisations that do not primarily pursue commercial purposes shall not be taken into account for the purposes of subsection (6).
- (9) Board of directors shall have sufficient knowledge, skills, and experience to understand the activities of the CCAUCI, including the main risks, and its overall composition shall reflect a sufficiently broad range of experience.
- (10) Board members shall act with honesty, integrity and independent judgments to effectively assess and challenge the decisions of senior management when necessary, and to effectively oversee and monitor the decision-making process of management.
- (11) The Commission shall refuse to grant an authorisation if it is not satisfied that the members of the applicant's board of directors have sufficiently good reputation and integrity, sufficient knowledge, skills and experience, and devote sufficient time to performing their duties at the applicant, or if there are objective and verifiable reasons to believe that the applicant's board of directors may pose a threat to the effective, sound and prudent management of the applicant.
- (12) The CCAUCI shall notify the Commission of the members of its board of directors and of any changes in its composition and shall provide the Commission with all information necessary in order to assess whether the CCAUCI meets the requirements of this section and of section 12.

Governance
arrangements.

- 12. (1) The board of directors shall establish, oversee and be responsible for the implementation of governance arrangements that ensure the effective and prudent management of the CCAUCI, including the segregation of duties within the CCAUCI and the avoidance of conflicts of interest, in a manner that promotes market integrity and the interests of the unit-holders of UCIs for which the CCAUCI undertakes to provide administration services.
- (2) The governance arrangements provided for in subsection (1) shall comply with the following principles:
 - (a) the board of directors shall have overall responsibility for the CCAUCI, approve and supervise the implementation of its strategic objectives, risk management strategy and CCAUCI internal governance;

- (b) the board of directors shall ensure the integrity of the accounting and financial reporting systems, including financial and operational controls and compliance with the legislation and relevant standards;
 - (c) the board of directors shall be responsible for the effective supervision of senior management;
 - (d) the chairperson of the board of directors shall not simultaneously perform the duties of managing director in the same CCAUCI, unless this is adequately justified by the CCAUCI and has been approved by the Commission.
- (3) Without prejudice to the provisions of subsections (1) and (2), the governance arrangements provided for in subsection (1) shall ensure that the board of directors establishes, approves and supervises:
 - (a) the organisation of the CCAUCI for the purpose of performing administration functions and the ancillary operation, where applicable, including the skills, knowledge and experience required for the staff, the resources, procedures, and arrangements for performing administration functions, taking into account the nature, scale, and complexity of its activities and all requirements with which the CCAUCI must comply;
 - (b) the implementation of the CCAUCI's policy in relation to the administration functions performed, including the ancillary function, where applicable, and in relation to the customers it accepts, in accordance with the level of risk acceptable to the CCAUCI, as well as CCAUCI's policy for the prompt notification of the customer regarding requests for the sale and/or redemption of UCI units for which it performs administration functions; and
 - (c) the remuneration policy for persons involved in the performance of administration functions, with a view to encouraging responsible professional conduct and avoiding conflicts of interest.
- (4) The board of directors shall monitor and periodically evaluate the adequacy and implementation of CCAUCI's strategic objectives with regard to the performance of administration functions, including the ancillary function, where applicable, client acceptance policies and the effectiveness of CCAUCI's governance arrangements, and shall take appropriate action to address any deficiencies.
- (5) The members of the board of directors shall have adequate access to the information and documents available to the CCAUCI that are

necessary for the supervision and monitoring of the management's decision-making process.

- (6) Data on loans to members of the board of directors and their related parties shall be duly documented and made available to the Commission upon request.
- (7) For the purposes of this section, "related party" means-
 - (a) the spouse, registered partner under Cypriot law, child or parent of a member of the board of director;
 - (b) a commercial entity in which a member of the board of directors or a close relative, as referred to in paragraph (a), has a qualifying holding amounting to ten percent (10%) or more of the capital or voting rights in that entity, or in which those persons may exercise significant influence, or in which those persons hold senior management positions or are members of the board of directors.

Shareholders and members with qualifying holdings.

- 13. (1) The Commission shall not grant an authorisation for the performance of administration functions by the applicant, including the ancillary function, where applicable, until it has been informed of the identity of the direct or indirect shareholders or members with qualifying holding, whether natural or legal persons, as well as of the amount of the qualifying holding.
- (2) The Commission shall not grant an authorisation in cases where, when considering the need to ensure the sound and prudent management of the CCAUCI, it is not satisfied with regard to the suitability of shareholders or members holding qualifying holdings.
- (3) Where there are close links between the applicant and other natural or legal persons, the Commission shall grant an authorisation only if those links do not prevent the effective exercise of its supervisory duties.
- (4) The Commission shall not grant an authorisation where the legislative, regulatory or administrative provisions of a third country governing one or more natural or legal persons with which the applicant has close links, or the difficulties arising from their application prevent the effective exercise of its supervisory duties.
- (5) Without prejudice to the provisions of sections 9 and 10, where the influence of the persons referred to in subsection (1) is likely to be prejudicial to the sound and prudent management of the CCAUCI after the granting of the authorisation, the Commission shall take

appropriate measures to remedy the situation in accordance with the provisions of section 33:

Provided that the measures may include applying for a court order, the imposition of sanctions against members of the board of directors or senior management, or the suspension of the exercise of the voting rights attached to the shares held by the shareholders or members referred to in subsection (1).

Notification of
proposed acquisition
of holding.

14. (1) A proposed acquirer, in the case of a proposed acquisition of holding, shall send in advance a written notification to the Commission, specifying the exact amount of the proposed acquisition of holding and providing the relevant information as provided for in subsection (4) of section 16.
- (2) (a) A person who decides to cease to hold, directly or indirectly, a qualifying holding in a CCAUCI shall send in advance a written notification to the Commission, specifying the amount of their proposed new holding.
- (b) A person who decides to reduce their qualifying holding in a CCAUCI, resulting in the proportion of voting rights or unitholding falling below twenty percent (20%), thirty percent (30%) or fifty percent (50%), or resulting in the CCAUCI ceasing to be its subsidiary, shall notify the Commission of its decision in advance.
- (3) When assessing whether the criteria for qualifying holdings set out in section 13 and in this section are met, the voting rights or shares held by IFs or credit institutions as a result of underwriting and/or placing financial instruments with an underwriting commitment shall not be taken into account in accordance with item 6 of Part I of the First Annex to the Investment Services and Activities and Regulated Markets Law, provided that, on the one hand, such rights are not exercised or otherwise used for the purpose of interfering with the management of the issuer and, on the other hand, are transferred within one year of acquisition.
- (4) When assessing a holding, the Commission shall consult the relevant competent authorities if the proposed acquirer is -
- (a) a credit institution, insurance or reinsurance undertaking, investment firm, UCI manager authorised in another Member state or in a sector other than that in which the proposed acquisition of qualifying holding is sought;
- (b) the parent undertaking of a credit institution, insurance or reinsurance undertaking, investment firm, UCI manager

authorised in another Member state or in a sector other than that in which the proposed acquisition of qualifying holding is sought; or

(c) a natural or legal person controlling a credit institution, insurance or reinsurance undertaking, investment firm, UCI manager, authorised in another Member state or in a sector other than that in which the proposed acquisition of qualifying holding is sought.

(5) Where a CCAUCI becomes aware of any acquisition or marketing of holdings in its capital whereby the holdings therein exceed or fall below any of the thresholds provided for in subsection (1), it shall notify the Commission without delay.

(6) A CCAUCI shall notify the Commission at least once a year of the names of shareholders and members holding qualifying holdings and the percentages of those holdings as they appear, inter alia, in the information disclosed at the annual general meetings of shareholders and members or from the implementation of the regulations applicable to companies whose transferable securities are admitted to trading on a regulated market.

(7) The Commission shall take measures corresponding to those provided for in subsection (5) of section 13, against persons who fail to comply with the obligation to provide prior information in the event of acquisition or increase of a qualifying holding, and in the event of acquisition of a holding despite the opposition of the Commission - regardless of any other sanctions that may be imposed - the Commission shall decide either to suspend the exercise of the corresponding voting rights or to cancel the corresponding votes.

Holding assessment period.

15. (1) The Commission shall:

(a) immediately and, in any case, within two (2) working days of receiving the notification required under the provisions of subsection (1) of section 14, as well as in the event of subsequent receipt of the information provided for in subsection (2), confirm in writing to the proposed acquirer that it has received such notification or information;

(b) perform the holding assessment within the holding assessment period;

(c) without prejudice to the provisions of subsection (5), inform the proposed acquirer, upon confirmation of receipt, of the expiry date of the holding assessment period.

- (2) (a) The Commission may, where it deems necessary, during the holding assessment period and no later than the fiftieth (50th) working day of that period, request further information, which is necessary to complete the holding assessment; the request shall be made in writing to the proposed acquirer and shall specify the additional information required;
- (b) During the period between the date on which the Commission requests information and the date of receipt of the response from the proposed acquirer, the holding assessment period shall be suspended, and the suspension shall not exceed twenty (20) working days;
- (c) The Commission may submit further requests to the proposed acquirer to supplement or clarify the information submitted, which shall not result in the suspension of the assessment period.
- (3) The Commission may extend the suspension provided for in paragraph (b) of subsection (2) to thirty (30) working days, in cases where the proposed acquirer is-
 - (a) a natural or legal person established or subject to a regulatory framework outside the European Union; or
 - (b) a natural or legal person not subject to supervision under the legislation of a member state transposing Directive 2009/65/EC, Directive 2009/138/EC, Directive 2011/61/EU, Directive 2013/36/EU or Directive 2014/65/EU or as otherwise implemented in a member state.
- (4) (a) Once the Commission has completed the holding assessment for the approval or rejection of the proposed acquisition of holding, it shall, within a reasonable period of time, inform the proposed acquirer in writing, stating the reasons for its decision.
- (b) Where the Commission opposes the proposed acquisition of a holding, the reasons for its decision may be published on its website, either at the request of the proposed acquirer or at its discretion.
- (5) The Commission may extend the expiry date of the holding assessment period provided for in paragraph (c) of subsection (1), where appropriate.

Holding assessment. 16. (1) When assessing the notification provided for in subsection (1) of section 14 and the information provided for in subsection (2) of section 15, the Commission shall, in order to ensure the sound and

prudent management of the CCAUCI in which the proposed acquisition of holding is sought and taking into account the potential influence of the proposed acquirer on the CCAUCI, assess the suitability of the proposed acquirer and the soundness of the proposed acquisition of holding from a financial point of view, on the basis of the following criteria:

- (a) the reputation of the proposed acquirer;
 - (b) the reputation and experience of any person who shall manage the activities of the CCAUCI as a result of the proposed acquisition of holding;
 - (c) the financial soundness of the proposed acquirer, in particular, in relation to the type of activities carried out or planned to be carried out by the CCAUCI for which the proposed acquisition of holding is sought;
 - (d) the ability of the CCAUCI to meet and continue to meet its obligations under the provisions of this Law, in particular regarding whether the group of which it shall become a member has a structure that enables effective supervision and effective exchange of information between the competent authorities; and
 - (e) whether there are reasonable grounds to suspect that, in connection with the proposed acquisition, an offense of money laundering or terrorist financing is being committed, has been committed, or has been attempted, within the meaning of subsection (1) of section 2 of the Prevention and Suppression of Money Laundering and Terrorist Financing Law, or that the proposed acquisition of holding could increase the risk thereof .
- (2) The Commission may oppose the proposed acquisition of holding only if there are valid reasons for doing so based on the criteria set out in subsection (1) or if the information provided by the proposed acquirer is incomplete.
 - (3) The Commission shall not impose ex ante conditions regarding the size of the holding to be acquired, nor shall it examine the proposed acquisition of holding from the point of view of the economic needs of the market.
 - (4) The Commission shall publish a list of the information required for the assessment of the holding, which shall be submitted to the Commission at the time of the notification provided for in subsection (1) of section 14.

Provided that the information required is proportionate and tailored to the nature of the proposed acquirer and the proposed acquisition of holding, and the Commission shall not require information that is not related to prudential assessment.

- (5) Notwithstanding the provisions of subsections (1), (2) and (3) of section 15, where two (2) or more proposals for the acquisition or increase of qualifying holdings in the same CCAUCI are notified to the Commission, the Commission shall treat all proposed acquirers without discrimination.

Own funds and
professional
indemnity insurance.

17. (1) The Commission shall not grant an authorisation unless the applicant has sufficient own funds and professional indemnity insurance in accordance with the requirements of this section.
- (2) The CCAUCI shall have a capital of at least fifty thousand euros (€50,000).
- (3) Where a CCAUCI also offers the ancillary service, it shall hold a total capital of at least one hundred and twenty-five thousand euros (€125,000).
- (4) The capital requirements set out in subsections (2) and (3) shall comprise the Common Equity Tier 1 items and instruments referred to in Articles 26 to 30 of Regulation 575/2013, after full deduction of the items referred to in Article 36 and without applying the threshold exemptions in accordance with Articles 46 and 48 of that Regulation.
- (5) The CCAUCI shall have professional indemnity insurance to cover civil liability arising from professional negligence in connection with the performance of administration functions, including the ancillary function, where applicable, which shall meet at least the following conditions:
- (a) it shall have an initial duration of at least one year;
 - (b) it shall have a notice period for termination of at least ninety (90) days;
 - (c) it shall cover any risk that may arise from or relates to the performance of administration functions, including the ancillary function, where applicable;
 - (d) it shall be provided by an insurance undertaking from within or outside the European Union authorised to provide professional indemnity insurance under European Union law or equivalent national law of a third country;

- (e) It shall be provided by a third party independent of the applicant; and
- (f) the coverage of such insurance shall be equal to half per cent (0.5%) of the total assets under administration by the applicant, calculated on the basis of the total NAV of the UCIs managed by the applicant;

General
organisational
requirements.

- 18. (1) The CCAUCI shall comply with the organisational requirements set out in subsections (2) to (21) of this section.
- (2) The CCAUCI shall implement appropriate policies and procedures in order to ensure its adequate compliance, including compliance by the executives, employees, and persons to whom the CCAUCI has delegated administration functions, with the obligations incumbent upon them under the provisions of this Law and of the relevant legislation, as well as appropriate rules for the personal transactions of such persons.
- (3) For the purposes of subsection (1), the CCAUCI shall establish and maintain a regulatory compliance function in accordance with this Law and the relevant legislation, as specifically provided for in section 19, which shall be independent of its other functions and activities.
- (4) The CCAUCI shall establish and implement effective organisational and administrative arrangements in order to take all reasonable measures to ensure that the interests of the UCIs for which it performs administration functions are not adversely affected due to conflicts of interest within the meaning of section 23.
- (5) The CCAUCI shall have sound governance arrangements in place with clearly defined, transparent and clearly identifiable lines of reporting.
- (6) The CCAUCI shall take all reasonable measures to ensure the continuous and regular performance of the UCI administration functions, including the ancillary function, where applicable, taking into account the nature of the UCIs for which it performs administration functions and, in particular, the type, geographical activity, as well as the frequency of their transactions with potential or existing shareholders, and for this purpose, the CCAUCI shall use appropriate and comparable systems, resources and procedures.
- (7) For the purposes of subsection (6), the CCAUCI shall use advanced software solutions where required by the scale and scope of the UCI administration functions, including the ancillary function, where applicable, in particular, due to the investment strategies of the UCI in question.

- (8) The advanced software solutions provided for in subsection (7) shall, as a minimum-
- (a) ensure the performance of UCI administration functions, in particular, the calculation of NAV, the execution of orders of new or existing unit-holders and the corresponding amendment and/or update of the unit-holder register; and
 - (b) enable the monitoring of requests for the marketing and/or redemption of units, the avoidance of market timing and late trading practices, as well as the fulfillment of the relevant reporting and compliance obligations under the relevant legislation.
- (9) The CCAUCI shall maintain an appropriate and updated policy to ensure the continuity of its activity and, if, despite the measures taken, the CCAUCI's operations are interrupted, it shall have an appropriate and updated policy and procedures in place for data recovery and the timely resumption of its operations, including a disaster recovery plan.
- (10) (a) The CCAUCI shall ensure that, in case it delegates administration or other material functions to third parties, reasonable measures shall be taken to avoid any unjustified increase in operational risk;
- (b) The delegation of administration functions by the CCAUCI to third parties, in accordance with the provisions of section 24, or other material functions shall be carried out in such a way so as it does not materially impair the quality of the CCAUCI's internal control and the Commission's ability to supervise CCAUCI's compliance with all its obligations in the cases referred to.
- (11) The CCAUCI shall have in place sound administrative and accounting procedures, internal control mechanisms, effective risk assessment procedures, and effective control and security mechanisms of the electronic data processing systems.
- (12) The CCAUCI shall, where the range, nature, scale and complexity of its activity so require, establish an internal audit function, which shall be independent of its other functions and activities, for the design and implementation of the internal control mechanisms provided for in subsection (11).
- (13) Without prejudice to the Commission's right to require access to communications pursuant to the provisions of section 33 of this Law and of the Cyprus Securities and Exchange Commission Law, the CCAUCI shall have sound security mechanisms in place to ensure and

verify the authenticity of the means of transmission of information, minimise the risk of data destruction and unauthorised access, and prevent information leaks, so that data confidentiality is always maintained;

- (14) The CCAUCI shall ensure that records are kept in relation to the administration functions it performs, including the ancillary function, where applicable, which also contain the relevant communication with the third party concerned, in a manner that allows the Commission to exercise its supervisory duties and take action to ensure that the CCAUCI complies with its obligations under the provisions of this Law.
- (15) The CCAUCI shall, in the event that it also performs the ancillary function, establish appropriate arrangements to protect the property rights of UCIs or investors, within the meaning of section 30, in particular in the event of CCAUCI's insolvency, and to prevent the use of financial instruments or UCI's funds or the aforementioned investors for own account.
- (16) The CCAUCI shall ensure that persons employed therein do not perform multiple functions, unless the performance of multiple functions does not prevent or is not likely to prevent those persons from performing any task or function with diligence, integrity and professionalism.
- (17) The CCAUCI shall have appropriate policies and procedures in place to ensure that client complaints are dealt appropriately, to the extent that they relate to the interests of UCI unit-holders for whom the CCAUCI performs administration functions.
- (18) The CCAUCI shall establish policies and procedures to comply with the provisions of the Prevention and Suppression of Money Laundering and Terrorist Financing Law and the directives issued thereunder.

188(I) of 2007
58(I) of 2010
80(I) of 2012
192(I) of 2012
101(I) of 2013
184(I) of 2014
18(I) of 2016
13(I) of 2018
158(I) of 2018
81(I) of 2019
13(I) of 2021
22(I) of 2021
61(I) of 2021
40(I) of 2022
98(I) of 2023
118(I) of 2023

141(1) of 2024
172(I) of 2024
35(I) of 2025.

- (19) Persons employed by the CCAUCI shall have the appropriate guarantees of integrity and professionalism and the appropriate knowledge, depending on the nature of the administration functions undertaken by the CCAUCI.
- (20) The CCAUCI operational memorandum shall, inter alia, precisely describe the procedure for calculating the NAV of the relevant UCI in accordance with the corresponding relevant UCI legislation and the UCI's constitutional documents, as well as the participation in the relevant procedure of persons involved in the UCI activity.
- (21) The Securities and Exchange Commission may, by means of a Directive, regulate details for the application of the provisions of this section.

CHAPTER II

SPECIAL CONDITIONS FOR THE GRANTING OF AUTHORISATION AND SPECIAL ORGANISATIONAL REQUIREMENTS

Permanent
regulatory
compliance function.

- 19. (1) Taking into account the nature, scale and complexity of its business activities in general, the CCAUCI shall establish, implement and maintain adequate policies and procedures to identify any risks of CCAUCI's non-compliance with its obligations under the provisions of this Law and of the relevant legislation, as well as related risks.
- (2) The CCAUCI shall implement appropriate measures and procedures to minimize the risks provided for in subsection (1) and enable the Commission to exercise its powers effectively in accordance with the provisions of this Law.
- (3) The CCAUCI shall establish and maintain a permanent and effective regulatory compliance function, which shall operate independently and have the following responsibilities:
 - (a) monitoring and regularly assessing the adequacy and effectiveness of the measures, policies and procedures established in accordance with the provisions of subsection (1), as well as the measures taken to address any weaknesses relating to CCAUCI's compliance with its obligations under the provisions of this Law and of the relevant legislation;
 - (b) providing advice to persons responsible for performing administration functions, including the ancillary function, where applicable, and assisting them in fulfilling the obligations

incumbent on the CCAUCI under the provisions of this Law and of the relevant legislation;

- (c) reviewing annually the content of CCAUCI's operational memorandum with the persons involved in UCI's activities, as well as the operational memorandum in case of delegating administration functions to a third-party provider, including compliance with performance assessment parameters;
 - (d) establishing procedures and criteria to ensure that any addition, succession or other change in a unit-holder or a person exercising the relevant rights on behalf of the unit-holder, or the encumbrance or any other change in a UCI unit, shall be proven and comply with the relevant legislation.
- (4) In order to enable the proper and independent fulfillment of the responsibilities of the regulatory compliance function, the CCAUCI shall ensure that the following conditions are met:
- (a) the regulatory compliance function shall have the necessary authority, human and technical resources and expertise, as well as access to all relevant information;
 - (b) a regulatory compliance officer shall be appointed who shall be responsible for this function;
 - (c) the regulatory compliance officer shall also be responsible for regularly submitting reports, at least annually, to the board of directors, senior management and the Commission on any compliance issues that may have arisen in relation to this Law and the relevant legislation, in particular, whether appropriate corrective measures have been taken in the event of any weaknesses being identified;
 - (d) persons involved in the regulatory compliance function shall not be involved in the performance of the services or activities they monitor;
 - (e) the method of determining the remuneration of the regulatory compliance officer and other persons involved in the regulatory compliance function shall not and cannot compromise their objectivity.
- (5) The CCAUCI shall not be required to comply with the requirements of paragraphs (d) or (e) of subsection (4) if it can prove that, taking into account the nature, scale and complexity of its business activities, as well as the nature and range of its services and activities, these

requirements are not proportionate and that the compliance function remains effective.

- (6) Without prejudice to the provisions of subsection (18) of section 18, the CCAUCI regulatory compliance function shall ensure, in relation to persons involved in the UCI's activity, in particular the following:
- (a) persons involved in the UCI's activity in relation to the marketing of UCI units or the offer of such units in general, shall implement, when applying for the issue, redemption, and repayment of UCI units, including the conversion of UCI investment compartment units into investment compartment units of the same or another UCI, appropriate procedures for determining the identity of unit-holders up to the level of the ultimate beneficiary and keep relevant records;
 - (b) the procedures provided for in paragraph (a) shall be applied by the CCAUCI and/or by the persons involved in the UCI's activity in relation to the marketing of UCI units or the offer of those units in general and in the event of change or addition of a unit-holder due to transfer, succession, or other change;
 - (c) the CCAUCI and the persons involved in the UCI's activities in relation to the marketing of UCI units or the offer of such units in general shall implement, in relation to applications for the issue, redemption or repayment of UCI units, including the conversion UCI investment compartment units into investment compartment units of the same or another UCI, appropriate measures and procedures to ensure:
 - (i) the prevention of illegal practices, in particular practices involving late submission of applications;
 - (ii) the prevention of abusive practices, in particular the prevention of market timing practices;
 - (iii) compliance with deadlines, as well as the determination of exceptional cases in which applications may be submitted by existing or potential unit-holders after the deadline has passed, and the keeping of relevant records.

Contract for the performance of administration functions.

20. (1) Without prejudice to the provisions of section 18 and of the relevant delegation legislation, the CCAUCI shall enter into a written contract with the client and, where applicable, with the persons involved in the UCI's activity, which shall include at least the following:
- (a) the administration functions which the CCAUCI shall undertake to perform, including the ancillary function, where applicable,

as well as the relevant terms under which these functions shall be performed by the CCAUCI:

- (b) the amount and method of payment and calculation of the CCAUCI's remuneration;
- (c) the period of validity of the contract provided for in this subsection;
- (d) the law applicable to the contract;
- (e) the CCAUCI's liability;
- (f) whether the CCAUCI shall be permitted to delegate administration functions, as well as CCAUCI's liability in such delegation.

(2) For a UCI of the Republic, the agreement provided for in subsection (1) shall also be communicated to the UCI custodian and submitted to the Commission.

(3) The Commission may, by means of a Directive, further specify the application of the provisions of this section.

Record keeping.

21. (1) Without prejudice to the provisions of subsection (14) of section 18, the record keeping by a CCAUCI shall include at least the following:

- (a) the form of UCIs for which administration functions are performed, including the ancillary function, where applicable, the type of UCIs, their liquidity profile in relation to the possibility of redeeming units, as described in the relevant UCI legislation, their geographical allocation, in particular if they are UCIs of the Republic or other UCIs established within or outside the EU, their investment strategies, the geographical allocation of investments, the total funds under management and their allocation across investment strategies, as well as the investor type targeted by these UCIs;
- (b) any inaccuracies in the calculation of the NAV per UCI and, where applicable, per UCI investment compartment, including the following:
 - (i) the percentage deviation from the NAV of the relevant UCI, as it would have been calculated had the error not occurred;
 - (ii) whether the error was isolated or combined with others;

- (iii) the duration of the error in relation to its impact on the NAV until its correction;
 - (iv) whether the error is the result of a breach of a rule governing the investment policy and permitted investments of the UCI or a breach of its constitutional documents, or whether the error is due to a failure on the part of the CCAUCI;
 - (v) whether the error was material under the relevant legislation or under a prior agreement between the parties;
 - (vi) whether there was any loss to unit-holders, whether and how unit-holders were informed, the value of the loss and the corrective actions taken, including full or partial compensation;
 - (vii) whether insurance was paid in favour of the CCAUCI and the extent thereof;
 - (viii) whether the costs of correction and compensation were borne by the UCI or the UCI manager;
 - (ix) whether or not there was an out-of-court settlement;
 - (x) whether there was any supervisory action in relation to the specific UCI or the specific UCI manager;
 - (xi) whether there were any claims/demands against the CCAUCI for payment of compensation in cases of inaccuracies in the calculation of the NAV;
- (c) complaints from clients and/or unit-holders;
 - (d) a record of court and out-of-court dispute resolutions between the CCAUCI and other persons involved in the UCI's activity;
 - (e) a record of the UCIs, their unit-holders or assets that have been subject to sanctions imposed by the European Union or other international organisations or by countries with which the Republic maintains diplomatic relations;
 - (f) records evidencing compliance with the final verification of the UCI's NAV as provided for in subsection (3) of section 27.

- (2) Records shall be kept by the CCAUCI in electronic form and shall be adequate for the CCAUCI to demonstrate to the Commission its compliance with the requirements of this Law and with the Commission's Directives, as well as with the relevant legislation.
- (3) Records shall be kept for a maximum period of five (5) years and, at the request of the Commission, for a maximum period of ten (10) years.

PART III
CONDITIONS FOR OPERATION OF CCAUCIS
CHAPTER I
GENERAL CONDITIONS FOR OPERATION OF CCAUCIS

Regular review of the conditions for granting an authorisation.

22. (1) The CCAUCI shall at all times comply with the conditions set out in Chapters I and II of Part II for granting an authorisation.
- (2) The Commission shall establish appropriate methods for monitoring CCAUCI's compliance with its obligation under subsection (1).
- (3) The CCAUCI shall notify the Commission of any material change in the conditions of the authorisation at least one month prior to the implementation of the change.
- (4) In the event of a material change for which the deadline provided for in subsection (3) cannot be met, the CCAUCI shall notify the Commission without undue delay and no later than five (5) days from the date of such change.
- (5) For the examination of the notification of change provided for in subsection (3), a notification of change fee shall be paid as determined in accordance with the provisions of section 35.
- (6) If the Securities and Exchange Commission rejects the change provided for in subsection (3) or imposes a restriction on its implementation, it shall inform the CCAUCI accordingly within two (2) months of receiving a duly completed notification of the change and may, by its decision, extend the deadline for a further month if it deems this necessary and provided that it informs the CCAUCI accordingly.
- (7) The Securities and Exchange Commission may, by means of a Directive, determine the material changes, the type and content of the notification and the information provided therein, as well as any other relevant matter concerning the conditions for its examination.
- (8) Without prejudice to the Commission's power to further specify the material changes, the changes in the shareholding structure of the

CCAUCI, in the persons managing the operations of the CCAUCI, in the senior management of the CCAUCI, in the administration functions covered by the authorisation, in the professional indemnity insurance provider and/or in the terms thereof, as well as in any reduction in the minimum capital requirement, shall be considered material changes.

- Conflict of interest. 23. (1) The CCAUCI shall take all reasonable measures to avoid situations of conflict of interest and, where these cannot be avoided, to identify, manage, monitor and, where appropriate, disclose the conflict in order to prevent any detrimental effect on the interests of the UCIs for which it performs administration functions, including the ancillary function, where applicable, and their unit-holders, and to ensure the fair treatment of those UCIs.
- (2) The CCAUCI shall take all reasonable measures to identify situations of conflict of interest arising from the performance of administration functions of a CUI, including the ancillary function, where applicable, between-
- (a) on the one hand, the CCAUCI, including its board members, senior management, its employees or any person directly or indirectly linked to them by close links, and on the other hand, the UCIs for which it performs those functions;
- (b) on the one hand, a UCI for which it performs the aforementioned functions, and on the other hand, another UCI for which it also performs the aforementioned functions or its unit-holders.
- (3) The CCAUCI shall -
- (a) take all reasonable measures to identify, highlight, prevent, manage and monitor situations of conflicts of interest so that the interests of the UCIs for which it performs administration functions, including the ancillary function, where applicable, and their unit-holders are not adversely affected;
- (b) separate within its operating environment duties and responsibilities that may be considered incompatible or that may give rise to a systematic conflict of interest.
- (4) Where the organisational and internal administrative arrangements provided for in subsection (3) are not adequate to ensure with reasonable certainty the prevention of the risk of adversely affecting the interests of unit-holders or of UCIs for which the CCAUCI performs administration functions, including the ancillary function, where applicable, the CCAUCI shall clearly disclose the general nature or sources of the conflict of interest to clients before undertaking any

activity on their behalf and shall adopt and implement appropriate policies and procedures to address the conflict of interest.

- (5) The Commission may, by means of a Directive, specify every detail or matter relating to the implementation of the provisions of this section.

Delegation of administration functions by a CCAUCI.

24. (1) (a) The delegation of administration functions by a CCAUCI in accordance with the provisions of this section shall take place when permitted by the relevant delegation legislation and provided that the CCAUCI does not become a company with no substantial activity;
- (b) A person to whom administration functions are delegated by a CCAUCI shall not be required to hold an authorisation under the provisions of section 5 in respect of the delegated functions.
- (2) Where the relevant delegation legislation does not contain relevant provisions or where its provisions do not conflict with the provisions of this subsection, the following shall apply in relation to the delegation of administration functions by a CCAUCI:
- (a) the client has given his express consent;
- (b) the delegation of administration functions by a CCAUCI is justified by objective reasons arising from the operational mode of the CCAUCI and the customer;
- (c) the CCAUCI is able to demonstrate that the third-party provider has the necessary expertise and capacity to perform the administration functions it undertakes, that it has been selected with due care and prior due diligence, and that the CCAUCI is able to effectively monitor the delegated function at all times, as well as provide further instructions to the third-party provider at any time and revoke or terminate the delegation with immediate effect when this is in the interests of UCIs or unit-holders;
- (d) a relevant written contract for the delegation of administration functions by a CCAUCI has been concluded between the CCAUCI and the third-party provider, which stipulates that the CCAUCI shall remain responsible for the UCI administration services that are the subject of this delegation;
- (e) there are mechanisms, procedures, and the possibility for the exchange of information which ensure that the CCAUCI can effectively monitor the performance of the administration functions it assigns to the third-party provider and that it retains the right and the actual ability to intervene effectively;

- (f) the risks associated with the delegation of administration functions by a CCAUCI have been recorded;
 - (g) an operational memorandum has been concluded, ensuring that the CCAUCI can effectively monitor the course of the third-party provider's works and effectively manage any risks arising from the delegation of administration functions by the CCAUCI to such provider, in particular the operational risk and concentration risk associated with the delegation in question;
 - (h) performance evaluation parameters have been agreed;
 - (i) it is ensured that the prospectus of the relevant UCI explicitly states the fact that the CCAUCI has delegated administration functions, and the administration functions that have been further delegated;
 - (j) where the CCAUCI delegates administration functions, it shall continuously review the services provided by the third-party provider;
- (3) Without prejudice to the provisions of subsection (2), the CCAUCI shall submit the following to the Commission prior to the commencement of the delegation of administration functions:
- (a) the administration functions to which the delegation pertains;
 - (b) the UCIs or their investment compartments to which the delegation pertains, including their investment strategy and type;
 - (c) the risks associated with the delegation and the measures taken to manage them;
 - (d) the objective reasons justifying the delegation;
 - (e) whether the third-party provider is part of the group to which the CCAUCI belongs, as well as the regulatory and supervisory regime to which it is subject;
 - (f) the geographical location from which the administration functions to which the delegation pertains shall be performed;
 - (g) a written statement by the persons who actually manage the operations of the CCAUCI that the relevant provisions of the applicable legislation have been complied with and that there is no conflict with them;

- (h) the timetable for the expected ratification of the delegation in question of the administration functions by the CCAUCI;
 - (i) where the object of the delegation of administration functions is the calculation of the UCI's NAV, the information to be included by the third-party provider in the relevant verification to be carried out prior to the calculation of the NAV shall also be submitted, as well as the data to be included in the relevant verification which shall be carried out by the CCAUCI in order to ratify the calculation of the NAV.
- (4) A third-party provider may delegate further administration functions that it has undertaken to perform only if the conditions set out in subsections (1) to (3) are met.
 - (5) The Commission may, by means of a Directive, regulate details for the application of the provisions of this section.

General rules for the exercise of activities.

- 25. (1) The CCAUCI shall, on a continuous basis-
 - (a) act honestly, lawfully, and with due care and diligence in the exercise of its activities and shall ensure that the payment or collection of any fee or commission or the provision or securing of any non-monetary benefit does not lead to violation of its obligation to act with integrity and in a fair manner;
 - (b) act in the interest of the UCIs for which it performs administration functions, as well as in accordance with market integrity;
 - (c) have and effectively use the resources and procedures required for the proper conduct of its activities;
 - (d) comply with all requirements laid down in this Law and in the relevant legislation relating to the exercise of its business activities.
- (2) Preferential treatment of a UCI unit-holder for which the CCAUCI performs administration functions shall be prohibited, unless otherwise provided for in the UCI's constitutional documents and permitted by the relevant legislation.
- (3) The CCAUCI shall at all times maintain a professional indemnity insurance provided for in section 17 to cover civil liability arising from professional negligence.

- (4) The Securities and Exchange Commission may, by means of a Directive, specify any detail or matter relating to the implementation of the provisions of this section.

CHAPTER II
SPECIAL CONDITIONS FOR OPERATION OF CYFAS

Valuation of UCI
portfolio.

26. (1) In the context of performance of the portfolio valuation administration function by a CCAUCI for a specific UCI, the provisions of the relevant legislation regarding the appointment and suitability of an external valuer shall be complied with in advance, where applicable.
- (2) The valuation of relevant assets shall be carried out in accordance with the relevant UCI legislation.
- (3) The CCAUCI shall ensure that it implements uniform methods and criteria for the purposes of valuing similar UCI assets for which it performs UCI portfolio valuation administration function and, in the case of a UCI consisting of several investment compartments, the CCAUCI shall ensure that the above uniform valuation shall apply to all investment compartments.

Calculation of UCI
NAV.

27. (1) The CCAUCI shall ensure that for each UCI for which it performs UCI NAV calculation administration function, there are appropriate and standard procedures in place so that the calculation of the NAV, including the relevant final verification prior to its calculation and the relevant notification to unit-holders, shall be carried out in accordance with the relevant UCI legislation and the UCI's constitutional documents.
- (2) In the case of a UCI that is not a UCI of the Republic, the CCAUCI shall obtain from the client, prior to the commencement of the performance of administration functions by the CCAUCI, a certificate from UCI's legal consultant and/or auditor that the NAV calculation, as to be carried out by the CCAUCI for the specific UCI, shall be in accordance with the relevant UCI legislation and the UCI's constitutional documents.
- (3) Without prejudice to the provisions of subsection (1), the CCAUCI shall ensure in relation to the UCI NAV calculation administration function that-
- (a) a senior executive completes, signs and dates the final verification statement and issuance of the NAV for each UCI prior to the publication or otherwise disclosure of the NAV calculation to each interested party; and
- (b) relevant written evidence is kept for a period of at least five (5) years.

- (4) Without prejudice to any contrary provisions of the relevant legislation, the CCAUCI shall, as part of the procedures for performing the UCI NAV calculation administration function, have in place an error rectification plan when calculating the NAV, which shall-
 - (a) specify when the error is material, either in accordance with the relevant legislation or, in the absence of such a specification, on the basis of an agreement between the relevant persons involved in the UCI's activity;
 - (b) provide that, when implementing the rectification plan, an independent auditor shall certify the adequacy of the measures taken to rectify the error.
- Maintenance of UCI unit-holder register.
28. (1) The administration function of maintaining a UCI unit-holder register, including related matters such as the content of this register, its updating, the treatment of joint unit-holders and the issuance of holding certificates, shall be performed in accordance with the relevant UCI legislation.
 - (2) The CCAUCI shall ensure that the UCI custodian shall have full and continuous access to the unit-holder register.
 - (3) The establishment, modification and elimination of encumbrance on UCI units shall take place in accordance with the relevant UCI legislation, with a relevant note by the CCAUCI in the unit-holder register of the relevant UCI.
- Issue and/or redemption of UCI units.
29. (1) The issue and/or redemption of UCI units shall take place in accordance with the relevant UCI legislation and the constitutional documents of the UCI in question.
 - (2) The CCAUCI, which shall undertake to perform the administration function of the issue and/or redemption of UCI units, shall also perform for the same UCI the administration function of keeping the UCI unit-holder register and vice versa.
 - (3) The CCAUCI shall check and ensure that the number of units in the accounts of the relevant UCI shall correspond to the number of units in circulation in the UCI unit-holder register.
- Ancillary function of holding investor money.
30. (1) For the purposes of this section, the following definitions shall apply:

“investor” means a person from whom or on whose behalf the CCAUCI-

- (i) receives or holds money or transfers money to a UCI for which the CCAUCI performs administration functions, for the purpose of acquiring units in that UCI;
- (ii) receives money from a UCI for which the CCAUCI performs administration functions, for the purpose of transferring it to that person, due to the redemption or repayment of units or the distribution of income related to the investor's holding in the UCI.

“investor money” means money belonging to an investor which the CCAUCI has received from or on behalf of and which it holds directly or through a third party or together with a third party on behalf of the investor:

Provided that the opening of a UCI bank account and/or the management of a UCI bank account by a CCAUCI, without holding investor money as described above, shall not constitute an ancillary function.

- (2) To ensure that payments made by investors for the purpose of acquiring UCI units have been received and that payments to investors due to the redemption or repayment of units, where applicable, have been made, the CCAUCI shall ensure that reconciliation checks are carried out between -
 - (a) the orders to acquire units and the proceeds received for that purpose;
 - (b) the orders for the redemption or repayment of units and the amounts paid for this purpose.
- (3) The CCAUCI shall check and ensure that there is consistency between the number of-
 - (a) UCI units issued and the corresponding proceeds received for the acquisition of units;
 - (b) UCI units cancelled and the corresponding payments/amounts paid for the redemption or repurchase of units, where applicable;
 - (c) UCI units in circulation that carry a right to income distribution and the corresponding income distribution.
- (4) The Commission may, by means of a Directive, lay down additional conditions to be met in relation to the ancillary function of holding investor money, as well as the ongoing obligations of the CCAUCI when providing such services.

CHAPTER III OTHER OPERATING CONDITIONS

Obligation to report to the Commission.

31. (1) The CCAUCI shall submit an annual report to the Commission no later than six (6) months after the end of the calendar year.
- (2) The CCAUCI shall include in the annual report provided for in subsection (1), for each UCI for which it performs administration functions, at least the following:
- (a) whether the CCAUCI provides administration services to all investment compartments of the UCI in question, where applicable;
 - (b) the funds of the UCI that are under the CCAUCI administration;
 - (c) whether liquidity restriction or unit redemption suspension mechanisms or a UCI NAV calculation mechanism have been activated, or whether supervisory action has been taken, in accordance with the relevant legislation, in relation to the UCI;
 - (d) whether the UCI was converted from a closed-end to an open-end fund and vice versa, as well as any changes in the right of unit-holders to request the redemption of their units in the UCI;
 - (e) the administration functions performed, including the ancillary function, where applicable;
 - (f) the delegation of administration functions by a CCAUCI.

Financial statements.

32. (1) The CCAUCI shall submit to the Commission, no later than six (6) months after the end of the financial year, annual audited financial statements, which shall include the independent auditor's annual report.
- (2) The CCAUCI shall appoint an independent auditor to audit its annual financial statements.
- (3) The CCAUCI shall immediately inform the Commission if it becomes aware that the auditor intends to include qualified opinions in the audit report.
- (4) The CCAUCI shall submit its annual audited financial statements to the Commission and any other relevant information that the Commission may request from time to time regarding the reports and their content.
- (5) The auditor's report, including any qualified opinions, shall be referred to in full in the annual report provided for in this section.

PART IV SUPERVISION AND SANCTIONS

Competent
supervisory authority
and powers.

33. (1) The Securities and Exchange Commission shall be designated as the competent supervisory authority for the supervision of CCAUCIs and the exercise of the powers provided for in this Law, as well as for the imposition of administrative sanctions and/or other measures in the event of infringement of the provisions of this Law.
- (2) The Securities and Exchange Commission shall exercise its powers-
- (a) directly;
 - (b) in cooperation with other authorities or persons;
 - (c) under its responsibility, by delegating powers to other authorities or any other persons; and/or
 - (d) upon its request to the competent judicial authorities, if so provided by law.
- (3) The Commission shall deal with administrative infringements either on its own initiative or following a complaint submitted thereto.
- (4) The provisions of the Cyprus Securities and Exchange Commission Law which provide for the supervisory competence of the Securities and Exchange Commission, its power to collect information, conduct investigations and inspections, impose sanctions, cooperate with competent authorities in the Republic and abroad, and in general all its powers, responsibilities, and duties under that Law shall apply for the purposes of this Law, as appropriate.
- (5) In addition to its powers under the provisions of the Cyprus Securities and Exchange Commission Law, the Commission may-
- (a) require the cessation of any act or abstention from any act or practice that is contrary to the provisions of this Law or to provisions falling under the legislation in force:
 - (b) impose a temporary prohibition on the exercise of professional activity in the following manner:
 - (i) where the Commission establishes that a person acts in violation of the provisions of this Law, it may impose on that person a temporary prohibition on the exercise of professional activity for a period not exceeding five (5) days, with the possibility of extension, one or more times, for a period of five (5) days or less, in order to terminate the infringement in question:

- (ii) a person on whom the prohibition provided for in subparagraph (i) is imposed shall take, during the period of validity of the prohibition, the necessary measures to remove the reasons for which it was imposed;
 - (iii) where the Commission is satisfied that the reasons for imposing the prohibition on the exercise of professional activity have ceased to exist prior to the expiry of the first or any five-day period, it may allow the professional activity to be carried out before the specified expiry date;
 - (c) require the adoption of every measure that ensures that the CCAUCI complies, at all times, with the provisions of this Law and the provisions falling under the applicable capital market legislation.
- (6) The Securities and Exchange Commission may assign one or more auditors or experts to conduct an audit, general or specific, regular or extraordinary, to a CCAUCI, on any matter relating to the application of the provisions of this Law or other provisions provided for in the legislation in force, by applying accordingly the provisions of sections 50 and 51 of the Cyprus Securities and Exchange Commission Law, and the cost thereof shall be covered by the CCAUCI.
- Maintaining and publication of CCAUCI register.
34. (1) (a) The Commission shall establish and keep a publicly accessible electronic register to which CCAUCIs shall be registered and which shall include the authorisation number of CCAUCIs and the UCI administration functions they are authorised to perform, including the ancillary function, where applicable;
- (b) The Commission shall ensure that the register provided for in paragraph (a) is kept up to date.
- (2) The entry of the information provided for in subsection (1) shall be carried out within one working day of the date of notification of the decision to grant the CCAUCI authorisation by the Securities and Exchange Commission.
- (3) The Securities and Exchange Commission shall ensure that any interested person has access, free of charge, to the electronic register provided for in subsection (1).
- Fees, rights and annual contributions.
35. (1) The Commission may, by means of a Directive, determine the fees, such as application examination fees and notification of changes fees, the rights and annual contributions payable by CCAUCIs, and may specify the applications and/or notifications for which rights are payable under the provisions of this Law and, in general, determine any matter relating to the fees, rights and annual contributions provided for.

- (2) Fees, rights and contributions paid under the provisions of this section shall be deemed as revenue of the Securities and Exchange Commission and, if not paid, judicial measures shall be taken, in addition to any other measures specified in this Law, in order to collect them.

Administrative
sanctions.

36. (1) In the event that a person violates the provisions of this Law, the Commission shall impose, regardless of any criminal liability thereof, an administrative fine not exceeding the amount of three hundred and fifty thousand euros (€350,000) per violation of a provision of this Law and, in the event of repeat violation, the amount of seven hundred thousand euros (€700,000) per violation of a provision of this Law, depending on the severity of the violation.
- (2) Where it is proven that the person referred to in subsection (1) has benefited from the violation or has allowed another person to benefit therefrom and the benefit exceeds the amount of the administrative fine provided for in subsection (1), the Commission may, regardless of any criminal liability of that person, impose an administrative fine of up to twice the benefit that the person has proven to have gained or allowed another person to gain by committing the violation.
- (3) Without prejudice to the provisions of subsections (1) and (2), in the event that the Securities and Exchange Commission establishes a violation of the provisions of this Law, it may impose an administrative fine on-
- (a) a legal entity; and/or
- (b) a board member, senior management, including senior management or other officer or employee of a legal entity, where it is established that the violation by the legal entity was due to his/her own fault, willful omission or negligence.
- (4) Administrative fines imposed by the Securities and Exchange Commission pursuant to the provisions of this Law shall be deemed as revenue of the Consolidated UCI of the Republic.
- (5) In the event of failure to pay an administrative fine imposed by the Securities and Exchange Commission, legal measures shall be taken to collect the same in accordance with the provisions of the Cyprus Securities and Exchange Commission Law.

PART V CRIMINAL AND CIVIL LIABILITY

Obligation to submit
correct, complete

37. (1) A person who is obliged under the provisions of this Law or the Directives issued thereunder to submit or disclose to the Commission, publish or

and accurate information.

announce publicly information, data, documents or forms, shall ensure and guarantee the correctness, completeness and accuracy thereof.

- (2) It is prohibited to provide false or misleading information, data, documents or forms, or to conceal material information from an application or notification submitted to the Commission or in any other procedure provided for in this Law or in the Directives issued thereunder.

Criminal offences.

38. (1) Any person who contravenes or fails to comply with the provisions of section 37 shall be guilty of an offence punishable, in case of conviction, with imprisonment of up to five (5) years, or a fine of up to seven hundred thousand euros (€700,000) or both such penalties.
- (2) A person who performs administration functions without holding the required authorisation from the Commission or undertakes any other activity without holding the required prior approval in accordance with the provisions of subsection (5) of section 6, shall be guilty of an offence punishable, in case of conviction, with imprisonment of up to five (5) years or a fine up to seven hundred thousand euros (€700,000) or both such penalties.
- (3) Criminal liability for the offences provided for in subsections (1) and (2), when committed by a legal entity, shall be borne, in addition to the legal entity itself, by any member of its administrative, management, supervisory, or audit bodies who is proven to have consented to or participated in the commission of the offense.
- (4) Persons who, in accordance with the provisions of subsection (3), are criminally liable for offences committed by a legal entity, shall be jointly and severally liable with the legal entity for any damage caused to third parties as a result of the act or omission constituting the offence.

CHAPTER VI

FINAL AND TRANSITIONAL PROVISIONS

Issue and application of Directives.

39. (1) Without prejudice to the other provisions of this Law providing for the issuance of Directives, the Securities and Exchange Commission may issue Directives to regulate any matter provided for in this Law which requires or is amenable to regulation.
- (2) Compliance with the Directives issued pursuant to the provisions of this Law shall be mandatory for the persons to whom they are addressed, and failure to comply with them shall constitute a violation of the provisions of the section under which they are issued.

Transitional provisions.

40. (1) A person who, on the date of entry into force of this Law, carries out an activity in the Republic or from the Republic that is regulated by this Law, shall take the necessary measures to comply with the provisions of this

Law and shall submit an application to the Securities and Exchange Commission for obtaining a CCAUCI authorisation, in accordance with the provisions of section 8, no later than two (2) years from the date of entry into force of this Law.

- (2) A person who does not comply with the provisions of subsection (1) or does not meet the conditions laid down in this Law for the provision of administration services or whose application is rejected, shall terminate the provision of administration services within two (2) months of the expiry of two (2) years from the date of entry into force of this Law.

ANNEX I PART I

UCITS administration functions of the Republic in accordance with subparagraphs (i) to (ix) of paragraph (b) of subsection (3) of section 109 of the Open-Ended Undertakings for Collective Investment Law:

1. Legal and management accounting services for UCITS.
2. Provision of information and service to the UCITS unit-holders.
3. UCITS portfolio valuation and pricing of their units, including tax issues.
4. Regulatory compliance monitoring.
5. Maintenance of unit-holder register.
6. Distribution of UCITS income.
7. Unit issues and redemptions.
8. Contract settlements, including the dispatch of documents and certificates.
9. Record keeping.

PART II

EU UCITS administration functions of the EU in accordance with Annex II of Directive 2009/65/EC:

1. Legal and mutual fund management accounting services.
2. Client inquiries.
3. Portfolio valuation and unit pricing (including tax returns).
4. Regulatory compliance monitoring.

5. Maintenance of unit-holder register.
6. Distribution of income.
7. Unit issues and redemptions.
8. Contract settlements (including certificate dispatch).
9. Record keeping.

PART III

AIF administration functions in accordance with sub-subparagraphs (A) to (I) of sub-paragraph (i) of paragraph (b) of subsection (5) of section 6 of the Alternative Investment Fund Managers Law:

1. Legal and management accounting services for AIFs.
2. Provision of information to clients.
3. AIF portfolio valuation and pricing of its units, including tax issues.
4. Regulatory compliance monitoring.
5. Maintenance of unit-holder register.
6. Distribution of AIF income.
7. AIF unit issues and redemptions.
8. Contract settlements, including certificate dispatch.
9. Record keeping.

PART IV

AIF administration functions in accordance with Annex I, paragraph 2, point (a), items (i) to (ix) of Directive 2011/61/EU:

1. Legal and mutual fund management accounting services.
2. Client inquiries.
3. Portfolio valuation and unit pricing, including tax returns.
4. Regulatory compliance monitoring.
5. Maintenance of unit-/shareholder register.

6. Distribution of income.
7. Unit/share issues and redemptions.
8. Contract settlements, including certificate dispatch.
9. Record keeping.

PART V

AIF administration functions in accordance with sub-paragraphs (A) to (I) of sub-paragraph (i) of paragraph (b) of subsection (1) of section 6 of the Alternative Investment Funds Law:

1. Legal and management accounting service for AIFs.
2. Provision of information to clients.
3. AIF portfolio valuation and pricing of its units, including tax issues.
4. Regulatory compliance monitoring.
5. Maintenance of unit-holder register.
6. Distribution of AIF income.
7. AIF unit issues and redemptions.
8. Contract settlements, including certificate dispatch.
9. Record keeping.

PART VI

AIF administration functions in accordance with sub-paragraphs (i) to (ix) of paragraph (b) of clause (1) of article 5 of the Small Alternative Investment Fund Managers Law:

1. Legal and management accounting service for AIFs.
2. Provision of information to clients.
3. AIF portfolio valuation and pricing of its units, including tax issues.
4. Regulatory compliance monitoring.
5. Maintenance of unit-holder register.
6. Distribution of AIF income.

7. AIF unit issues and redemptions.
8. Contract settlements, including certificate dispatch.
9. Record keeping.

PART VII

AIF administration functions for cases other than those provided for in Parts III to VI:

1. Legal and management accounting service for the AIF.
2. Provision of information to clients.
3. AIF portfolio valuation and pricing of its units, including tax issues.
4. Regulatory compliance monitoring.
5. Maintenance of unit-holder register.
6. Distribution of AIF income.
7. AIF unit issues and redemptions.
8. Contract settlements, including certificate dispatch.
9. Record keeping.
10. Any other administration function defined as such in the relative legislation.

ANNEX II

Ancillary function:

Holding of investor money.