

To : Alternative Investment Funds
From : Cyprus Securities and Exchange Commission
Date : 22 February 2016
Circular No : C117
Subject : **Categorisation of AIFs according to Directive DI131-2014-03 «Regarding the categorisation of AIFs and other related matters» («the Directive»).**

The Cyprus Securities and Exchange Commission («CySEC») would like to inform the following to the AIFs of the Republic:

1. Regarding the wording of paragraph 4 of the Directive («Name of the AIF»), CySEC would like to clarify that **it is not mandatory** for an Alternative Investment Fund («AIF») to include in its name any distinctive feature in relation to their main category of assets, the reason being that an AIF is free to use any other characteristic it may wish. However, should an AIF decide to include in its name a distinctive feature in relation to its main category of assets, then such feature should be consistent with its investment policy and strategy as these are included in the AIF's documents (Regulation or instruments of incorporation and Offering Memorandum).
2. Therefore, the categorisation of an AIF into one of the categories provided by the Directive, is conducted based on its **main category of assets**, as these are evidenced in the AIF's documents.
3. An exception to the above is introduced by the following provisions of the Directive: a) **Paragraph 78** for Loan AIFs and b) **Paragraphs 56 and 74** for Money Market AIFs.
4. In relation to whether or not an AIF has the **right to choose in which category to fall under**, it is noted that, if an AIF invests in a main category of assets as provided by the Directive, then the AIF will fall in the relevant category and will be subject to the rules that govern that specific category.

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