

The Mini Manager Licence for AIF Management

According to the new law voted on 20th June 2020, adopting the EU AIFMD Directive 2011/61/ EU regarding the Small Alternative Investment Fund Managers, also called “Mini Manager”, they will be able to manage assets of up to €100.000.000, including those acquired through leverage up to €500.000.000 if the AIF is unleveraged with a lock up of 5 years.

The Small Alternative Investment Fund Managers structure allows the combination of particular functions under the proportionality principle, which will make it cost-effective compared to the current AIFM structure.

Areas that can be managed with the new Mini Fund Manager Licence are:

- All categories of Cyprus authorised AIFs
- Registered AIFs taking the form of a limited partnership under the AIF Law 124(I)/2018
- Non-Cypriot AIFs (subject to the discretion of the competent authority in the other jurisdiction).

The key characteristics for Mini Managers are as follows:

Minimum initial Paid Capital/Own funds is €50.000

A higher capital maybe required by CySEC based on the type of activities and total funds managed by the Mini-AIFM. However, at all the time shall never be less than 1/8 of the preceding year’s fixed overheads.

Permitted activities

- Portfolio Management and Risk Management
- Administration
- Marketing
- Activities related to the assets of AIF’s

Board of Directors:

- 4 (at least 2 Executive Directors)

Management or Marketing Passport in the EU

- Is not available for mini managers

Professional Indemnity insurance

- Is not required for mini managers

Internal Audit

- Combination with other functions possible (depending on the nature, scope and complexity of their activities),
- Outsourcing to service providers is permitted.

Risk management function

- Must be separate from Portfolio Management function.

Delegation of functions

The delegation (outsourcing) of one or more of the core functions is permitted, provided that:

- CySEC is notified accordingly prior to any delegation,
- Delegation does not hinder the operations of the manager,
- Delegation of risk management or portfolio management must be to a regulated entity,
- Shall not be to an extent that in essence cannot be considered to be the manager.

Compliance Function

- Combination with other functions possible (depending on the nature, scope and complexity of their activities),
- Must be carried out internally (by employed person).
- Compliance Reporting need to be submitted periodically, presenting information about:
 - ✓ Investment strategies of the AIFs it manages (including information on the main categories of assets in which the AIF may invest, the main market sectors which are the focus of their investment strategies and a description of the AIF's borrowing policy),
 - ✓ Main instruments in which they trade, their principal exposures and the main concentrations of the AIFs that it manages.

The minimum information to be provided with the application

- The persons effectively conducting the business of the manager, their good reputation and experience in AIF investment strategies, and
- The details of direct and indirect shareholders that have qualifying holdings and of the amounts of those holdings
- Internal Regulation Manuals
- Information on delegation and sub-delegation arrangements of functions to third parties
- Detailed Business Plan
- Proposed Memorandum and Articles of Association

THE MULTI FAMILY OFFICE

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