



Funds Administration – Cyprus

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Funds Administration - Cyprus

The objective of the examination is to ensure that candidates have a good understanding of fund structures and strategies, accounting and valuation, taxation, and regulation as this relates to for those working in fund administration and operation.

The examination will test candidates' knowledge and understanding of the following elements:

- Introduction to Investment Funds
- Principals and Stakeholders
- Legal Framework in Cyprus
- Establishing an Investment Funds: Types, Structures & Strategies
- Management of an Investment Fund in Cyprus
- Fund Operations in Cyprus
- Investing in Bonds
- Investing in Equity
- Investing in Other Type of Assets
- The Life Cycles
- Accounting Basics
- Fund Accounting
- Fund Valuations
- Fund Financial Statements Under IFRS
- Taxation of Investment Funds
- Taxation of Investment Funds in Cyprus
- Regulation and Statutory Reporting in Cyprus

Syllabus Structure

The unit is divided into **elements**. These are broken down into a series of **learning objectives**.

Each learning objective begins with one of the following prefixes: **know**, identify, **understand**, or **be able to calculate**. These words indicate the different levels of skill to be tested. Learning objectives prefixed:

- **know** requires the candidate to recall information such as facts, rules and principles
- **identify** requires the candidate to recognise one or more pieces of information relevant to making an informed judgement
- **understand** requires the candidate to demonstrate comprehension of an issue, fact, rule or principle
- **be able to calculate** requires the candidate to be able to use formulae to perform calculations

Assessment Specification

Each assessment is constructed from a specification that determines the weightings that will be given to each element. The specification is given below.

It is important to note that the numbers quoted may vary slightly from assessment to assessment as there is some flexibility to ensure that each assessment has a consistent level of difficulty. However, the number of questions tested in each element and / or case study should not change by more than two.

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TOTAL		50 Questions

Summary Syllabus

- Element 1 Introduction to Investment Funds
- Element 2 Principals and Stakeholders
- Element 3 Legal Framework in Cyprus
- Element 4 Establishing an Investment Funds: Types, Structures & Strategies
- Element 5 Management of an Investment Fund in Cyprus
- Element 6 Fund Operations in Cyprus
- Element 7 Investing in Bonds
- Element 8 Investing in Equity
- Element 9 Investing in Other Type of Assets
- Element 10 The Life Cycles
- Element 11 Accounting Basics
- Element 12 Fund Accounting
- Element 13 Fund Valuations
- Element 14 Fund Financial Statements Under IFRS
- Element 15 Taxation of Investment Funds
- Element 16 Taxation of Investment Funds in Cyprus
- Element 17 Regulation and Statutory Reporting in Cyprus

Element 1 Introduction to Investment Funds

On completion, the candidate should:

- 1.1.1 Understand the benefits of Investment Funds to financial industry operations and efficiency.
- 1.1.2 Know the definition of the main types and legal forms of Investment Funds in Cyprus and the main EU Funds Jurisdictions.
- 1.1.3 Understand the key terms, definitions and concepts related to Investment Funds.
- 1.1.4 Understand the differences between a General Partnership / Limited Partnership and a Variable Capital Investment Company

Element 2 Principals and Stakeholders

On completion, the candidate should:

- 2.1.1 Know the process flow of an Investment Fund's operations.
- 2.1.2 Understand the role of the regulators and their mandate.
- 2.1.3 Identify who the primary stakeholders and principals are within Cyprus's and EU's Investment Funds ecosystem and grasp their specific functions.
- 2.1.4 Know the activities of each stakeholder in the Investment Funds ecosystem.

Element 3 Legal Framework in Cyprus

On completion, the candidate should:

- 3.1.1 Know the legal framework in relation to Investment Funds in Cyprus.
- 3.1.2 Know the role of the regulatory authorities in Cyprus and their responsibilities.
- 3.1.3 Understand the concept of EU passporting in the context of Cyprus's Investment Funds.
- 3.1.4 Know expected regulatory changes, focusing on Fund Administrators.

Element 4 Establishing an Investment Funds: Types, Structures & Strategies

On completion, the candidate should:

- 4.1.1 Understand the legal provisions in relation to Investment Funds' structures and types in Cyprus.
- 4.1.2 Know how various legal structures affect the operations and the architecture of Investment Funds.
- 4.1.3 Understand the legal formation of regulated fund structures and the steps involved in their application for the authorization process.
- 4.1.4 Understand the distinctions between the processes of authorization and registration for Investment Funds, as well as the varying degrees of investor protection associated with each.
- 4.1.5 Know the different types of Alternative Investment Funds and their features.
- 4.1.6 Know the different fund types, structures, and services available to investors in offshore jurisdictions.
- 4.1.7 Understand the different fund strategies and the applicable restrictions for these strategies.

Element 5 Management of an Investment Fund in Cyprus

On completion, the candidate should:

- 5.1.1 Understand the different types of management of an Investment Fund.
- 5.1.2 Understand the legal provisions related to managing an Investment Fund in Cyprus.
- 5.1.3 Know the responsibilities of the key roles in fund operations, including those of the fund manager, depositary, fund administrator, and the fund's governing body.
- 5.1.4 Understand the legal and regulatory provisions specific to each role within an Investment Fund in Cyprus.
- 5.1.5 Understand the interaction between various roles and functions within an Investment Fund in Cyprus.
- 5.1.6 Know the information flow between the various roles within an Investment Fund.
- 5.1.7 Understand the general reporting structures and approval processes within Cyprus's investment funds, focusing on how different roles contribute to compliance and transparency. .
- 5.1.8 Understand the alignment between Cyprus's investment fund regulations and broader EU directives, with a focus on how this

reflects aspects of the investment fund industry's adaptation to global standards and practices.

Element 6 Fund Operations in Cyprus

On completion, the candidate should:

- 6.1.1 Understand the core tasks of a fund administrator, and their relationship with the Fund Manager in Cyprus.
- 6.1.2 Understand the role and functions of the transfer and registrar Agent.
- 6.1.3 Understand the process of execution of subscriptions and redemptions.
- 6.1.4 Understand the 'Investor Acceptance' process within a Fund Administration entity.
- 6.1.5 Understand the key aspects of the 'Fund Accounting and Valuations Unit' within a Fund Administration Entity.
- 6.1.6 Understand the process of marketing and distribution of fund units.

Element 7 Investing in Bonds

On completion, the candidate should:

- 7.1.1 Understand the nature and characteristics of investments in debt instruments.
- 7.1.2 Be able to analyze and evaluate the strategic role of bonds in investment portfolios.

Element 8 Investing in Equity

On completion, the candidate should:

- 8.1.1 Understand the nature and characteristics of equity investments. .
- 8.1.2 Be able to evaluate the factors influencing stock prices.

Element 9 Investing in Other Types of Assets

On completion, the candidate should:

- 9.1.1 Understand the nature and characteristics of other types of investments.
- 9.1.2 Understand what ETFs are and how the investment in ETFs is recorded.

Element 10 The Life Cycles

On completion, the candidate should:

- 10.1.1 Know the life cycles of different financial products i.e., Equity, debt, and virtual assets.
- 10.1.2 Know the forces and factors that influence an Investment Fund Lifecycle and suggest how the life cycle might be extended.

Element 11 Accounting Basics

On completion, the candidate should:

- 11.1.1 Understand and apply fundamental accounting principles and concepts.
- 11.1.2 Be able to apply the double-entry accounting system and understand its impact on financial reporting.

Element 12 Fund Accounting

On completion, the candidate should:

- 12.1.1 Understand the fund accounting cycle, encompassing the key stages from investment transactions to financial reporting, including the role of corporate actions.

- 12.1.2 Understand the valuation of various investment types, understanding the accounting treatments and reconciliation processes, and learn to accurately calculate the Net Asset Value (NAV).
- 12.1.3 Know the processes and procedures involved in the safekeeping of assets, including securities and cash management, and understand the oversight mechanisms in place.
- 12.1.4 Know how subscriptions, share issues, and redemptions impact fund valuation and performance, and comprehend their effects on NAV. .
- 12.1.5 Be able to precisely calculate both management and performance-based incentive fees, and understand how these fees fit into the broader spectrum of a fund's income and expense streams.
- 12.1.6 Understand how various income and expense streams, including those arising from corporate actions, affect a fund's financial health and NAV.
- 12.1.7 Understand the different types of corporate actions, their accounting impact, and how they influence fund valuation and investor returns..
- 12.1.8 Understand the significance and calculation methods of Assets Under Management (AUM), and its relation to fund performance and management.

Element 13 Fund Valuations

On completion, the candidate should:

- 13.1.1 Identify the appropriate methods to calculate the value of the fund's investments.
- 13.1.2 Understand the significance of outsourcing and the role of specialist service jurisdictions within the global fund industry.
- 13.1.3 Know the importance of Policy Valuation Policy.

Element 14 Fund Financial Statements Under IFRS

On completion, the candidate should:

- 14.1.1 Understand the various components of a complete set of financial statements.
- 14.1.2 Know how to prepare financial statements for funds with different legal forms.
- 14.1.3 Know the IFRSs in a specific fund context.
- 14.1.4 Understand the ethical responsibilities of financial reporting under IFRS.

Element 15 Taxation of Investment Funds

On completion, the candidate should:

- 15.1.1 Know the basic principles of taxation applicable to funds.
- 15.1.2 Understand the procedure for determining a fund's tax residency and domiciliation, as well as its implications for fund operations.
- 15.1.3 Understand specific tax structures for investment funds, including tax-advantaged, pass-through, surrogate, and distribution-deduction prototypes.
- 15.1.4 Understand the role and general impact of double taxation treaties in fund operations.
- 15.1.5 Understand the impact of VAT in structuring a fund.

Element 16 Taxation of Investment Funds in Cyprus

On completion, the candidate should:

- 16.1.1 Understand the Cyprus taxation system and its implications for fund operations.
- 16.1.2 Identify the tax considerations when selecting Cyprus as a fund domicile.

- 16.1.3 Understand the tax treatment of different fund structures in Cyprus. .
- 16.1.4 Understand the tax treatment of income and gains from various investment types including equities, fixed-income securities, and real estate. .
- 16.1.5 Understand the application of exemptions and reliefs in Cyprus tax law to minimize tax liabilities. .
- 16.1.6 Understand the VAT implications for funds operating in Cyprus, including exemptions and conditions..

Element 17 Regulation and Statutory Reporting in Cyprus

On completion, the candidate should:

- 17.1.1 Understand the regulatory framework and compliance requirements relating to reporting obligations for Investment Funds in Cyprus.
- 17.1.2 Know the various reporting obligations of an Investment Fund.
- 17.1.3 Understand the anti-money laundering strategies and practices in Investment Funds (FATCA, CRS, etc.).
- 17.1.4 Know investor classification and fund management strategies in Cyprus.
- 17.1.5 Identify the key regulatory documents and reports filed by Investment Funds.
- 17.1.6 Know the obligations on the fund, fund manager and the administrator under company law.
- 17.1.7 Know the requirements on the fund, fund manager and the administrator in relation to anti-money laundering (AML).