

What are the basic requirements for establishing a Cyprus Investment Firm (CIF)?



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A Cyprus Investment Firm (CIF) is considered any legal entity offering professional investment services established in the Republic of Cyprus and licensed by the Cyprus Securities and Exchange Commission (CySEC).

Over the past two decades, Cyprus has developed as a hub for investment firms with an ever-growing number of licensed entities under CySEC's supervision. To meet the stringent regulations set by CySEC, an entity must meet basic requirements and operational standards, which will be discussed throughout this article.

- What is a CIF?
- What are the investment and ancillary services supervised by CySEC?
- What are the financial instruments supervised by CySEC?
- What are the requirements for establishing a CIF?
- The process of setting up a CIF
- What about Crypto-Asset Service Providers (CASPs)?
- How can we help you establish an investment firm in Cyprus?

What is a CIF?

A Cyprus Investment Firm (CIF) is licensed and supervised by the Cyprus Securities and Exchange Commission (CySEC) under Law 87(I)/2017, which provides for the provision of investment services, and the exercise of investment activities, and the operation of regulated markets. This is the national transposition of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (MiFID II). Depending on its license, a CIF can offer forex trading, portfolio management, brokerage services, investment advice, and other investment services.

What are the investment and ancillary services supervised by CySEC?

Without a doubt, CIFs provide a valuable structure for providing and performing investment services and activities in Cyprus or abroad. These investment services need to be authorized and regulated by CySEC, in addition to the European Union (EU) legislation.

Investment services

A CIF must apply for at least one of the below investment services:

1. Reception and transmission of orders in relation to one or more financial instruments
2. Execution of orders on behalf of clients
3. Dealing on own account



1. Portfolio management
2. Provision of investment advice.
3. Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis
4. Placing of financial instruments without a firm commitment basis
5. Operation of Multilateral Trading Facility (MTF)
6. Operation of an Organized Trading Facility (OTF)

Ancillary services

In addition to the above, a CIF may also apply for the following non-core ancillary services and activities:

1. Safekeeping and administration of financial instruments
2. Safe custody services
3. Granting credits or loans to an investor for transaction purposes
4. Advice on capital structure, industrial strategy and related matters
5. Foreign exchange services
6. Investment research and financial analysis
7. Services related to underwriting.



What are the financial instruments supervised by CySEC?

Financial instruments

1. Transferable securities
2. Money-market instruments
3. Units in collective investment undertakings
4. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash
5. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event)
6. Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market or/and an MTF
7. Options, futures, swaps, forwards, and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and settled through recognized clearing houses or are subject to regular margin calls
8. Derivative instruments for the transfer of credit risk
9. Financial contracts for differences
10. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event), as well as any other derivative contract relating to assets, rights, obligations, indices and measures not otherwise mentioned in this part, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market or an MTF, are cleared and settled through recognized clearing houses or are subject to regular margin calls
11. Emission allowances consisting of any units recognized for compliance with the requirements of Directive 2003/87/EC.



What are the requirements for establishing a CIF?

The attractive tax regime, the strategic location, and the highly skilled workforce make Cyprus an attractive location for setting up an investment firm. Let's look at the basic requirements to establish a CIF in Cyprus. Initial capital requirements.

The initial capital that a CIF is required to maintain to obtain and operate a CySEC authorization is the following:

Capital Requirement	Holds Client Funds	Licensed Activities
€75,000	No	<ol style="list-style-type: none">1.Reception and transmission of orders in relation to financial instruments2.Execution of orders on behalf of clients3.Portfolio management4.Provision of investment advice
€150,000	Yes	<ol style="list-style-type: none">1.Reception and transmission of orders in relation to financial instruments2.Execution of orders on behalf of clients3.Portfolio management4.Provision of investment advice
€750,000	Yes	<p>The above plus:</p> <ol style="list-style-type: none">1.Dealing on own account2.Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis3.Placing of financial instruments without a firm commitment basis4.Operating a Multilateral Trading Facility5.Operation of an Organised Trading Facility

Board of Directors and Management

CySEC states that a CIF must have at least two executive and two independent non-executive directors.

Directors have to comply with CySEC's requirements and must prove knowledge, experience, and integrity to ensure professional and prudent management of the company.

Although there are no restrictions on appointing foreign nationals as directors, the decisions affecting the management and control of the CIF must be taken in Cyprus.

Head Office and Organization

The head office of the CIF must be located in the Republic of Cyprus, and the majority of the board must also be Cyprus residents.

The CIF must comply with a number of organizational provisions at all times, such as taking reasonable steps to ensure continuity in the performance of investment services and arranging for records to be kept for all services provided and transactions undertaken.

How can CX Financia help?

Whether an Asset Manager, IB, EMI, PI, Broker, or a Market Maker institution, CX Financia can provide an integrated, comprehensive solution to Cyprus Investment Firm (CIF) licensing.

Our full suite of services includes:

- Consulting services

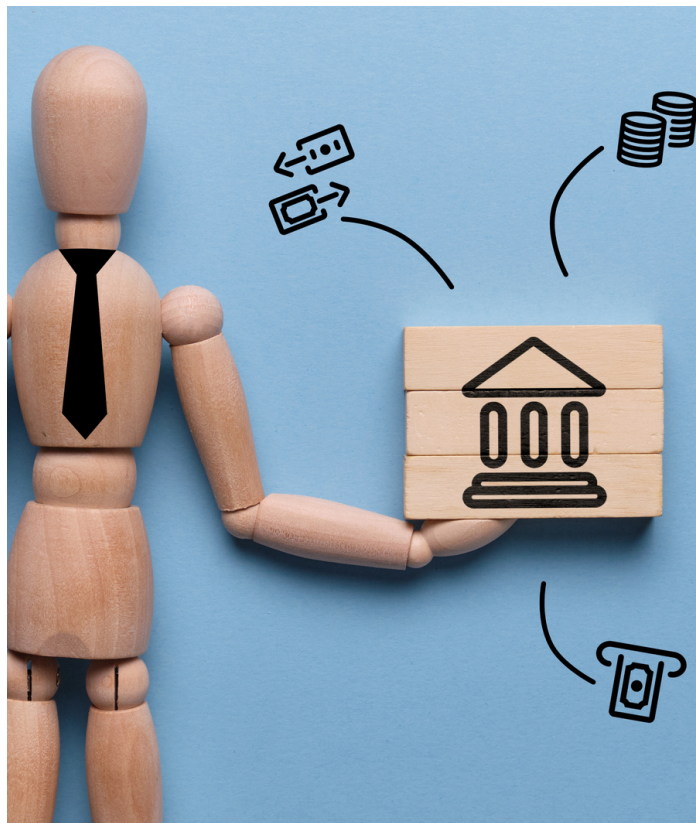
Our team will provide guidance and advice on structuring your business to meet regulatory requirements. We'll design and implement a project plan based on your company's requirements and goals, based on our experience, and backed by our research.

- CIF License

From collecting information to liaising with local regulators, we will prepare, draft, and submit all licensing applications from start to finish.

- Ongoing support

Our team of professionals will work together with you



If you require further information about a CIF's licensing process, speak to one of our advisors today. Our team at CX Financia is always ready to support you in finding solutions for your business needs.



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