Mini-Managers

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The Mini Alternative Investment Fund Managers Law (Mini-AIFM Law), enacted in July 2020, complements the Alternative Investment Fund Management Law and applies to alternative investment fund managers whose assets under management do not exceed EUR 100 million; or EUR 500 million where the funds in question restrict redemption rights for a period of at least five years and where no leverage is used. Mini-Managers are subject to licensing and oversight by the Cyprus Securities and Exchange Commission (CySEC) and are governed by the Companies Law.

Mini-Managers are companies which are (i) limited by shares, (ii) appointed as external managers by an Alternative Investment Fund (AIF) and (iii) are responsible for managing that AIF.

The Mini-AIFM Law applies to (i) Mini-Managers of the Republic of Cyprus (ii) Mini-Managers of a member state and (iii) Cypriot Investment Firms that received CySEC's permission for managing AIFs.

Key Characteristics of Mini-Managers

Minimum Capital

Mini-Managers must have an initial paid-up capital of at least EUR 50,000 and in case the portfolio of the AIFs managed by a Mini-Manager exceeds EUR 125 million, the Mini-Manager is required to have additional funds of its own, which equal to 0.02% of the amount by which the value of the portfolio exceeds EUR 125 million.

Duties of Mini-Managers

Mini-Managers are obliged to submit accurate information to CySEC at all times, act in the best interests of the AIFs they manage and respect the integrity of the market. They must take reasonable measures to avoid conflicts of interest between themselves, the AIF under their management and other AIFs managed by the Mini-Manager. In addition to the above, Mini Managers must take reasonable steps to separate their risk management activities from any other operating functions including portfolio management and such separation must be functional as well as hierarchical. They must also set-in place adequate liquidity management systems for each of the AIF they manage and establish procedures that enable them to monitor each AIF's liquidity risks and guarantee that the liquidity profile of the AIF complies with its legal obligations.

Delegation of Functions

A Mini-Manager may outsource to a third party one or more of its core functions provided that CySEC is notified in advance, such delegation does not prevent the effective supervision of the Mini-Manager and delegation is not made to an extend that would result for the Mini Manager not to be considered as the manager of the AIF.

Permitted Activities

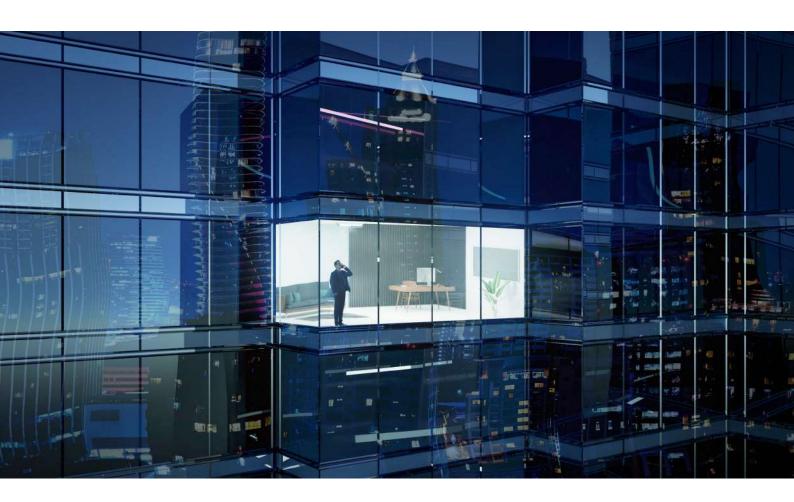
The permitted activities of a Mini Manager include portfolio management, risk management as

well management of AIFs which usually includes legal and funding management accounting services, customer inquiries, portfolio valuation and pricing (including tax returns), regulatory compliance monitoring, distribution of income, contract settlements, record keeping and marketing.

Licensing

Mini-Managers are only allowed to manage AIFs upon receiving CySEC's relevant authorisation. To be duly authorised, a Mini-Manager shall submit an application for authorisation to CySEC accompanied by information which include but are not limited to:

- the persons effectively conducting the business of the Mini-Manager;
- the identities of the Mini-Manager's shareholders or members;
- business plan and internal regulations setting out the organisational structure of the Mini-Manager;
- · arrangements made for the delegation of functions to third persons; and
- investment strategies, the risk profiles, the use of leverage and other characteristics of the AIFs it manages or intends to manage.



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