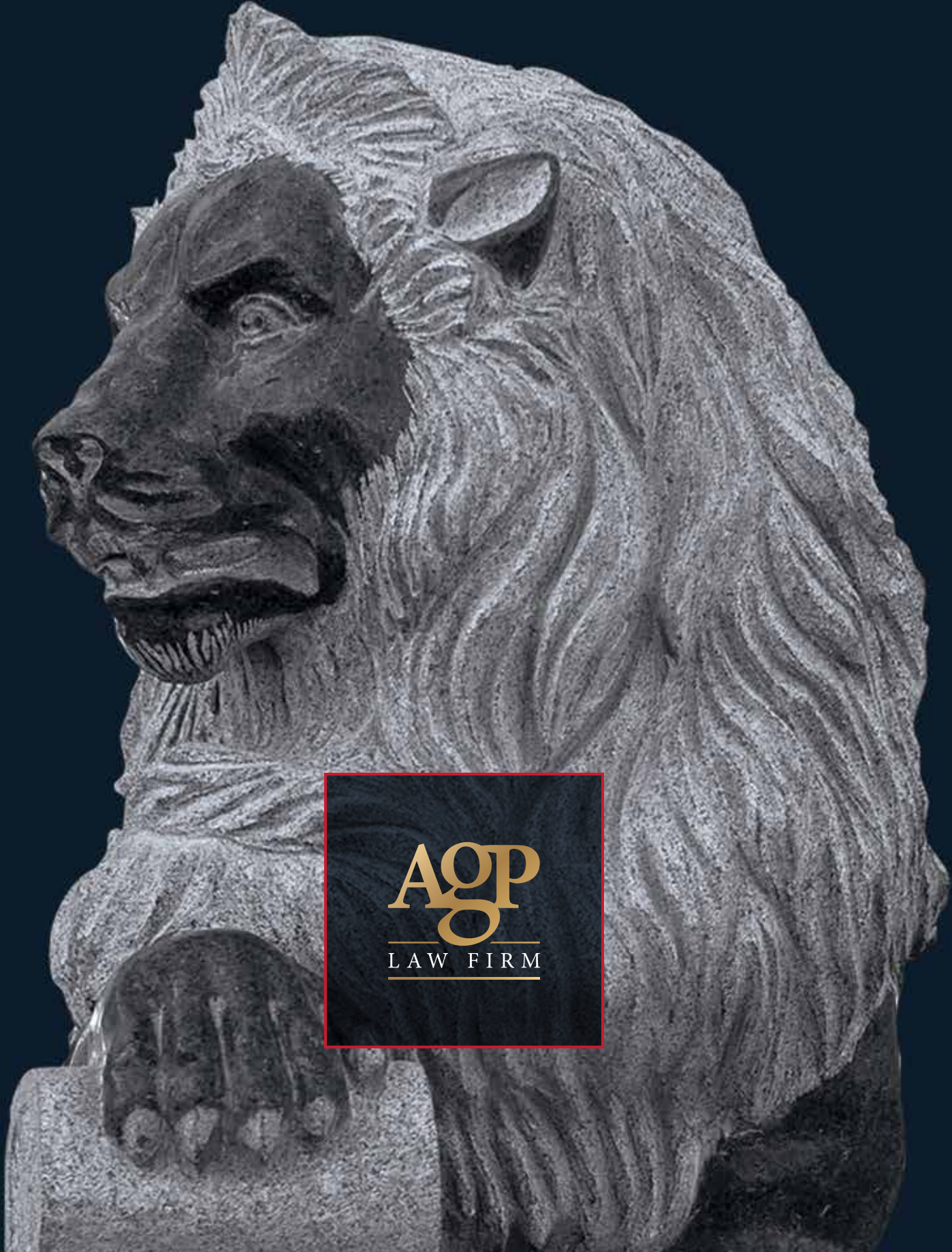


FS Advisory

Licensing, Regulatory Compliance & AML support



About us

AGP & Co is a Cyprus based Law Firm with a dedicated FS advisory department specialised in assisting our clients on setting up their FX, CFD, Market Making, Binary Options, Cryptocurrencies and Investment Brokerage Firms as well as ICOs, E-Money and Payment Institutions in Cyprus and worldwide.

We are committed to offering our “one-stop-shop” service package on unconditionally high standards. AGP & Co acts as “one-stop-shop” service provider offering A-Z set-up in a comprehensive package from business, legal, compliance, AML, and tax advisory to licensing and post-licensing assistance and representation, as well as A-Z technology set-up, front-end solutions and IT providers, quick set-up and commencement of operations.

Our FS Advisory Team consists of experienced corporate, regulatory, compliance and AML consultants, financial and banking advisors, tax consultants, internal/external auditors, in-house accountants and immigration assistants.

AGP & Co, standing for A.G. Paphitis & Co. LLC, is a full-service and multi- awarded Law Firm in Cyprus. We are headquartered in Limassol, Cyprus’ major commercial city for international companies.

“AGP Law Firm | A.G. Paphitis & Co. LLC routinely represents clients before the Cyprus Securities and Exchange Commission (CySEC) and regularly advises foreign banks on large credit facilities. Angelos Paphitis and George Paphitis are recommended.”

**Awarded as Leading Firm in Cyprus on Banking & Finance
The Legal 500, EMEA 2018 edition**

“A.G. Paphitis & Co. LLC Law Office’s chief strength is its expertise in banking and investment regulations. It is in continuous process of acquiring Cyprus Securities and Exchange Commission (CySEC) licences for investment management firms.”

The Legal 500, EMEA 2013 edition

“AGP & Co is one of the few local but with international practice law firms specializing in regulatory compliance, AML and licensing services that have been awarded as such. Whether you are a broker, market maker, IB or asset manager, EMI or PI, our team will offer you extensive regulatory experience and will assist you on planning and structuring your business. We assist you from comparing regulatory jurisdictions and advising you on where best to conduct your business to a complete set-up package with fully licensed and operating brokerage or market maker.”

Welcome to AGP & Co

Established in 2006, **AGP & Co** is a highly reputable, dynamic, award winning and excellence driven **Law Firm** based in **Cyprus** with a strong international presence. It provides full service **Legal, Corporate, FS Regulatory Compliance/AML & Advisory, Tax, Immigration** and **Real Estate** services.

A Committed Team

We aim for success for our clients; yet what really distinguishes **AGP & Co** is our people. We are proud of our dedicated and highly skilled teams of lawyers and other professionals that have the background, skills, energy, and know-how, to represent our clients in the best possible way. Hard work, attention to detail, skills, transparency, dedication and discretion, is what sets us apart from other traditional firms.

Focused on Client

Our clients come from all over the world and include private individuals, corporations, banks and foundations, all looking to receive best in class dedicated services. Everyone receives the same high-quality services, dedication, and support. We were founded on these values, and that will not change.

One Large Team

Combining individual expertise while working collectively as one team, we bring our clients a wide range of skills, from litigation, advisory, and regulatory practices. **AGP & Co** consists of the following main departments: dispute resolution department; corporate/commercial department; FS regulatory compliance and advisory department; real estate and immigration department; tax-accounting-audit department. Though operating independently, all departments are interlinked, giving our clients the ability to receive all rounded services beyond the ordinary boundaries.

Our Standards

AGP & Co is valued as a place with high standards of doing business within our sector. It is something we aimed for, and with hard work, commitment and patience, we achieved it. This is what we created and what we maintain on a daily basis.

Integrity

Our teams are professional, honest, and trustworthy, complying with all applicable ethical and professional standards and regulatory requirements, both in Cyprus and when working overseas. We do not simply do what is lawful, we do what is right.

agplaw.com

Visit our website where you can find out more about us and the services we provide. Get in touch and we will be happy to meet you in person.

This is **AGP & Co**

Angelos Paphitis
Founder and Managing Director

Awarded As

2018

AGP & Co – Worldwide Business Review Award 2018 – **Recognised Leaders**, Cyprus

2018 Business Excellence Awards **Winner**, Corporate Insider

Corporate LiveWire Finance Awards 2018 - **Winner**

“AGP Law Firm / A.G. Paphitis & Co. LLC routinely represents clients before the Cyprus Securities and Exchange Commission (CySEC) and regularly advises foreign banks on large credit facilities. Angelos Paphitis and George Paphitis are recommended.”

Awarded as Leading Firm in Cyprus on Banking & Finance
The Legal 500, EMEA 2018 edition

2017

Winner of Best FX Regulatory & Compliance Support
AtoZForex.com Awards 2017

Legal500 EMEA, 2017 Leading Firm on Banking & Finance, Dispute Resolution, Corporate/M&A, Tax.

Wealth and Finance Legal Awards 2017 - **Winner**

AI Awards 2017 – Most Outstanding Law Firm

AI Ones to Watch EU Finance Awards 2017 - **Winner**

2016

“AGP Law Firm / A.G. Paphitis & Co. LLC handles banking, asset management and regulatory matters and has notable experience in money-laundering cases. The team is headed by Angelos Paphitis and George Paphitis.”

The Legal 500, EMEA 2016 edition

Best Lawyers
Recognised by Best Lawyers as **Leading Law Firm Cyprus**

2015

Finance Monthly Law Awards 2015 – **Winner**

2013

“A.G. Paphitis & Co. LLC Law Office’s chief strength is its expertise in banking and investment regulations. It is in continuous process of acquiring Cyprus Securities and Exchange Commission (CySEC) licences for investment management firms. Angelos Paphitis, George Paphitis and Christiana Kouris are the main contacts”

The Legal 500, EMEA 2013 edition

Why Choose Us?

- **Ongoing Support**
Legal, Compliance, Regulatory, AML, Tax, Accounting and Audit Support
- **One-Stop-Shop**
Handling our clients’ requirements from A to Z, all under one roof
- **Reputation for Excellence**
Our reputation is recognized globally; hence our international regulatory services
- **Recognised**
Awarded by the legal 500, from 2013-2018 edition, for our FX licensing and representation of clients before CySEC.
- **Trusted**
Our clients consist of start-up brokers to globally top tier Market Makers, both offshore and onshore
- **Combination of Expertise**
Combining expertise brings you the ultimate result
- **Cost-Effective**
Combining all under one roof minimizes the total cost

1. Legal & Licensing:

- Consulting on investment services to be included in the application as well as on the design of the investment firm structure;
- Drafting the appropriate Memorandum of Association required for the operation of the Investment Firms;
- Completion of the Application Form and check-lists to be submitted to the regulator;
- Preparation and drafting of the required Internal Operations Manual according to EU or local regulations;
- Preparation and drafting of the Business Plan, Financial Projections, ICAAP, etc;
- Preparation of the applicant's Anti-Money Laundering Manual;
- Assistance in the preparation of the company shareholder, director and senior management questionnaires;
- Application follow-up during the process of assessment by the regulator;
- Assistance on Recruitment of senior management; appointment of outsourced compliance officers, accounting, internal & external auditors;
- Arranging immigration & migration matters and working permits for foreign employees.

2. Regulatory Compliance / AML

Whether it is a Straight Through Processing model, a more complex Market Maker Model with Dealing on Own Account, Portfolio Management and Investment Advice, we are able to put in place and oversee all the necessary. We believe that what distinguishes us in the marketplace is our consultative approach and desire to listen to clients first and understand their business model and how we can best complement it.

Our Compliance services include:

- Answering day-to-day compliance questions;
- Modifying existing supervisory and compliance procedures to meet regulatory changes;
- Assisting with documenting the customer complaint process;
- Preparing you for Regulator Audits;
- Preparing you for Internal Audits;
- Helping you respond to Regulator's inquiries;
- Reviewing websites, advertising and marketing material;
- Ongoing monitoring and surveillance of business transactions and communications;
- Providing regulatory and compliance advice to business control units on an ongoing basis;
- Assisting in the development of policies, procedures and guidelines designed to facilitate compliance with regulations;
- Facilitate Know Your Client (KYC) and anti-money laundering programs;
- Preparation of periodic compliance reports.

3. Audit and Accounting:

Internal Audit Services

- Audit Trail Verification – We can review the audit trail capabilities of the Investment Firm's electronic systems and procedures in accordance with regulator's requirements;
- Internal Audit Outsourcing – We can be appointed as your Investment Firm's Internal Auditor.

External Audit Services

- Provision of Statutory external audit and preparation of independent auditor report for investment firms in accordance with International Auditing Standards (IAS);
- Preparation of Financial Statements in accordance with International Financial Reporting Standards (IFRSs) and submission of the same to regulator;
- Auditing compliance with Client Assets safekeeping requirements and submission of the related suitability report to regulator;
- Audit of the statement of eligible funds and financial instruments of clients and preparation of related Audit report to the directors of the IF for submission to regulator;
- Assurance review and issuance of independent auditor's report in relation to the fair presentation of the "Disclosures and Market Discipline" of the Investment Firm according to local regulations;
- Preparation and submission of annual tax forms to the Tax Department.

Accounting / Bookkeeping Services

- Maintenance of accounting records (preparation of monthly Balance Sheet, Income Statement and Trial Balance) in accordance with IFRS;
- Preparation or review of the Capital Adequacy and Large Exposures statements for submission to the regulator. We can assist you to prepare these statements or review any related work done by the Investment Firm;
- Payroll Services (includes issuance of pay slips and payments of Social Insurance contributions and deductions).



WHERE WILL AGP & Co GET YOU AN INVESTMENT FIRM LICENCE?

Depending on the jurisdiction, **AGP & Co** is dedicated to offering a "One-Stop-Shop" service according to the regulators' requirements.

We can accommodate any request. The most frequent jurisdictions include:

- **CYPRUS** • **UNITED KINGDOM** • **BELIZE** • **BRITISH VIRGIN ISLANDS** • **BAHAMAS**
- **CAYMAN ISLANDS** • **VANUATU** • **SEYCHELLES** • **ESTONIA** • **SOUTH AFRICA**

General Information about different types of operations

1 Market Maker

Who can act as market maker?

CIF Market Maker
Customers placing orders for binary options & depositing funds with the CIF

The CIF acting as market maker shall be authorised to provide at least the following services:

- Reception and Transmission of orders in relation to one or more financial instruments;
- Execution of orders on behalf of clients;
- Dealing on own account;
- Custodian services;
- Granting Loans/Margin;
- Foreign Exchange;

Initial capital requirement

In accordance with paragraph 16 of the Law, the market maker shall have an initial capital of at least 730.000 euro.

Technical Infrastructure

The market maker shall operate an interest based trading system enabling its clients to trade in binary options at prices as defined by the market maker itself.

Exposure to market risk

The market will act as the counterparty in clients' transactions assuming the exposure to market risk. Clients can be other financial institutions or retail clients.

2 & 3 Broker

- Transmission of orders
- CIF Market Maker
- Broker
- Customers placing orders for binary options
- Customers placing orders for binary options & depositing funds with the CIF

The market maker may collaborate with brokers in the following manner:

1. CIFs authorised to provide only the service of reception and transmission of clients' orders.
2. CIFs authorised to provide the service of reception and transmission of clients orders, and also to hold clients' funds.

	CIF with R&T	CIF with R&T
Services	Reception and Transmission	Reception and Transmission
Initial capital requirement	Euro 50.000	Euro 125.000
Safeguarding of clients' funds	No	Yes
Exposure to market risk	No (the market maker will be exposed to market risk)	
Possession of domain	Yes (clients' order will be executed by the market maker)	Yes (clients' order may be executed by the CIF but covert 100% by the market maker)

4 Tied Agent

CIF Market Maker
Broker
Tied Agent
Transmission of orders
Customers placing orders for binary options

- The market maker or broker may appoint a Tied Agent to act on behalf of it.
- The Tied Agent shall provide its services exclusively for the market maker/broker.
- Under no circumstances will the Tied Agent be allowed to hold clients' funds and/or financial instruments.

Who can be a Tied Agent?

Any person established in the European Economic Area (EEA), acting under the full and unconditional responsibility of only one investment firm of the EEA. In case of a legal person, at least one natural person duly authorised by CySEC should be employed.

Relationship between the market maker and the Tied Agent

The appointment of each Tied Agent is made exclusively for the specific market maker/broker.

Services provided by the Tied Agent

- Reception and transmission of clients' orders
- Investment advice
- Placing of financial instruments
- Promotion of CIF's services, soliciting clients or potential clients

5 Introducing Broker

CIF Market Maker
Referring clients
Broker CIF
IB

The market maker/broker may collaborate with Business Introducer(s) who will provide marketing services and introduce clients to the market maker/broker.

The IB Agreement shall provide that under no circumstances the IB might act as a tied agent or broker CIF.

Who can act as IB?

Any physical person or legal entity

Relationship Between the market maker and the IB

- IB is a marketing services provider for the market maker/broker
- The Parties' relationship is defined in the IB Agreement

Services provided by the IB

- Marketing, promotional and advertising services
- Restricted to introduction of clients (not to reception and transmission of clients' orders or to portfolio management services)

Few words about Cyprus

“Cyprus as a member state of the EU is subject to the MiFID II and therefore can be used as a springboard for immediate access and easy set-up in the prestigious financial markets within the EU (including Frankfurt, London etc). The legislation put in place is constantly under review and aims to regulate and harmonize operations in the financial services sector.”

“The financial regulator in Cyprus is the Cyprus Securities and Exchange Commission (CySEC). Many globally recognized top Investment Firms have already set a footprint in Cyprus or have moved their headquarters in Cyprus, in an effort to acquire the relevant Cyprus Investment Firm (CIF) Licence under EU Markets in Financial Instruments Directive (known as “MiFID II”) from CySEC and operate as a regulated investment services firm from Cyprus in all EU markets, Russia, the Middle East, Africa, Asia etc.”

Cyprus Investment Firm The Benefits

EU Regulation: An Investment Firm licensed by CySEC falls under the EU MiFID/MiFID II. As such, it receives a license valid across the EU.

EU Single Passport: An Investment Firm licensed by CySEC can offer investment services, establish representative offices or establish fully operational branches in any desired location within the EU without any additional requirements from that (host) EU State, whilst being supervised directly by CySEC.

Low Capital Requirements: Investment Firms are required to maintain between EUR 50.000 to EUR 730.000 as minimum capital requirement depending on the type of investment services offered and whether or not the firm will hold client funds.

Low Operating and Licensing Costs: Compared to other EU countries, Cyprus offers one of the most competitive operating and licensing cost packages for Investment Firms.

Favourable Tax Regime: Cyprus benefits from a low corporate tax regime and an impressive range of double taxation treaties with more than 50 countries. Tax advantages to Cyprus Investment Firms, include:

- Corporate tax is only 12,5%
- Profits from disposal of securities are tax free
- No tax on payment of dividend to non residents

Favourable Business Environment: Due to its location and highly skilled multilingual labour force available at rates of pay that are generally lower than those of industrialized countries, Cyprus now is an international hub towards the European markets.

Freedom from Exchange Controls: Profits, interest and dividends, capital gains and any gains arising from disposal of shares in such investments can be freely remitted overseas without any limitation.

Advanced Telecommunications: Cyprus has invested heavily in the telecommunications sector and is included today among the most developed countries in the world in this respect.

Global market credibility & penetration: Provides a solid basis for a mutual recognition regime between EU Member States and third countries, securing thereby a robust and comprehensive framework to ensure high levels of investor protection. There is therefore a clear opportunity to seek competitive advantage by driving new value propositions in order to exploit new markets, instruments and geographies.

Low expense level: A mature professional services sector at a very low expense level (fees) for financial and professional services compared to other EU Jurisdictions (estimated to be at 35-40% lower than Western European rates).

Cyprus Investment Firm The Requirements

Regulated under the Market in Financial Investment Directive (MiFID II)

Supervised by the Cyprus Securities and Exchange Commission (CySEC)

Offering Investment and Ancillary Services in the EU

INVESTMENT SERVICES

- Reception and Transmission of orders in relation to one or more financial instruments
- Execution of orders on behalf of clients
- Dealing on own account
- Portfolio management
- Investment advice
- Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis
- Placing of financial instruments without a firm commitment basis
- Operation of Multilateral Trading Facilities

ANCILLARY SERVICES

- Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management
- Granting credits or loans to an investor
- Advice to undertakings relating to capital structure, industrial strategy and related matters
- Foreign exchange services related to investment services
- Investment research and financial analysis
- Services related to underwriting

Minimum Share Capital Requirement

INVESTMENT BROKER

125.000 EURO

- Reception & Transmission
- Execution of orders on behalf of clients
- Portfolio management
- Investment Advice

MARKET MAKER

730.000 EURO

- Dealing on own account
- Provision of underwriting services in respect of issues of financial instruments

Time needed for licensing?
Within 6 months from submission date.

REQUIRED PERSONNEL

- Four directors including the managing director, two of them need to be executive and two non-executive (three of them must be Cyprus residents)
 - Anti-Money laundering, risk manager and compliance officer
- Head of each department (dealing, sales, back office, dealing on own account, etc.)
 - Accountants
 - Internal Auditors
 - External Auditors
 - External Legal Consultants

Electronic Money & Payment Institutions in Cyprus | Set-Up

AGP & Co handles Electronic Money & Payment Institution licensing procedures before the Central Bank of Cyprus ("CBC").

In order for an applicant to obtain authorisation as Electronic Money or Payment Institution in Cyprus, an application must be submitted accompanied by such information as prescribed in the relevant directives and laws.

AGP & Co services include:

- Consultation on the structural design of the Institution;
- Incorporation of the Company;
- Drafting the appropriate Memorandum of Association required for the operation of the EMI/PI;
- Completion of the Application Form to be submitted to the CBC;
- Preparation and drafting of the Institution's Internal Operations Manual according to specified regulations;
- Preparation of Business Plan and financial forecasting;
- Preparation of Operation Procedures Manual in accordance with Money Laundering and Terrorist Financing regulations;
- Assistance on preparation of questionnaires on behalf of the Institution's shareholders, directors and senior management staff;
- Follow-up on the application and communication with the CBC during the process of assessment;
- Assistance on company personnel recruitment (senior management & service providers) if necessary;
- Assistance on migration and labour office matters for foreign employees of the Institution.

Cyprus Funds

Cyprus Alternative Investment Funds

On the 10th of July 2014, the Cyprus Parliament enacted a new law providing for a new institutional framework governing the establishment and operation of Alternative Investment Funds in the Republic of Cyprus. The law came into force on the 27th of July 2014, repealing thereby the previous legal framework, which was implemented in 1999 for the regulation of the International Collective Investment Schemes (ICIS).

Main provisions of the AIF Law

Regulation & Supervision

The supervision and the regulation of investment funds in Cyprus are transferred from the Central Bank of Cyprus (CBC) to the Cyprus Securities and Exchange Commission (CySEC).

Legal Forms of AIFs

AIFs can be structured in one of the following forms:

- Common Fund
- Fixed Capital Investment Company
- Variable Capital Investment Company
- Investment Limited Partnership

Classes of AIFs

The AIF Law provides for two classes of AIF:

- AIF for an unlimited number of investors, which can be marketed to retail or to well-informed and/or professional investors, as defined by the MiFID II.
- AIF for a restricted number of investors (up to 75), which can be marketed only to well-informed and/or professional investors, as defined by the MiFID II.

Minimum Capital Requirements

Minimum share capital: **€ 125.000**

In the case of self-managed funds: **€300.000**

Umbrella Structures

The AIF Law allows umbrella funds, which are collective investment schemes that exist as single legal entities with multiple sub-funds (investment compartments), each one of which can have its own investment policy.

Listing of AIFs

Under the AIF Law, an AIF can be listed on any recognized stock exchange in the EU or a third country.

Our comprehensive package for the AIF set-up includes the following:

- Providing our clients with the analysis of the provisions and the implications of the AIF Law.
- Advising on the most suitable forms of AIFs in the light of the regulatory requirements and in alignment with the clients' objectives.
- Drafting the necessary legal documents for the incorporation and the establishment of the AIF.
- Submission of the application to CySEC and ongoing monitoring of the status of the application.
- Ongoing provision of administrative services including the appointment of nominee officers, office facilities, administration of affairs, accounting audit, tax services etc.

The information provided in this brochure is valid as of the date of printing. This content is for general information purposes only and does not constitute legal advice. AGP is not responsible for any inaccuracies, omissions and errors that may have occurred during the design and printing process.



AGP CHAMBERS

84, Spyrou Kyprianou Ave., 4004 Limassol, Cyprus

P.O. Box 58419, 3734 Limassol, Cyprus

Tel.: +357 25 731 000, Fax: +357 25 761 004

E-mail: agp@agplaw.com

www.agplaw.com