

# FS Regulatory & Advisory

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AGP  
LAW FIRM

# About us

**AGP & Co** is a Cyprus based Law Firm with a dedicated FS Advisory & Licensing department specialised in assisting our clients on setting up their Funds, FX, CFDs, Crypto and Investment Brokerage Firms as well as Initial Coin Offering (ICO), Electronic Money Institutions (EMIs) and Payment Institutions (PI) in Cyprus and worldwide.

We are committed to offering our “one-stop-shop” service package on unconditionally high standards. **AGP & Co** acts as a “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 Regulatory & Advisory consists of experienced corporate, regulatory, compliance and AML consultants, financial and banking advisors, tax consultants, internal/external auditors, in-house accountants and immigration assistants.

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**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.

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“Experienced lawyers in the finance services industry – one of the few law firms in Cyprus specializing in this area of law”

**Legal 500 EMEA 2021 Edition**

“...This law firm is a new generation; it is really specialized in banking and finance – not only on legal terms but also on regulatory aspects”.

**Legal 500 EMEA 2021 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, fund, EMI, PI or a crypto-asset service provider, 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

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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. We provide full service **Legal, Corporate, FS Regulatory Compliance, Advisory & Fintech Support, Banking & Finance, Tax & Immigration** 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 Partner





# Ranked & Recommended

2021

*Winner of the European legal Awards 2021 as Law firm of the year in Cyprus*

*Ranked by Legal 500 EMEA 2021 Edition on Banking & Finance*

*Ranked by IFLR1000 EMEA 2021 Edition on Financial & Corporate*

*Recommended by Chambers & Partners as a Leading Firm*

*Ranked by Benchmark Litigation Europe 2021 Edition*

2020

*Awarded as Country Award Winner Firm (Cyprus) 2020 by The Lawyers Global, Legal Awards*

*Ranked by Legal 500 EMEA 2020 Edition on Banking & Finance*

*Ranked by IFLR1000 EMEA 2020 Edition on Financial & Corporate*

*Winner of the Finance Monthly Game Changers Awards 2020 for Cyprus*

*Recommended by Benchmark Litigation Europe 2020 Edition*

2019

*Recommended by Top Ranked 2019 in Banking & Finance*

*Winner of the Finance Monthly Game Changers Awards 2019 for Cyprus*

*Winner of the International Advisory Experts Awards 2019 for Cyprus*

*Ranked by Legal 500 EMEA 2019 Edition on Banking & Finance*

*Ranked by IFLR1000 EMEA 2019 Edition on Financial & Corporate*

*Recommended by Chambers & Partners as a Leading Firm*

*"I started working with AGP since 2007 as the CEO of an Israeli FX Firm with offices in Cyprus. The services we have been receiving have been excellent and they still are. Ever since AGP is the law firm that handles all regulatory and CySEC matters for us, as well as all corporate, tax, legal, immigration and other matters. So far I have been recommending AGP to all my friends and associates and I recommend AGP to any international firm or foreign citizen who consider engaging lawyers in Cyprus, or for setting up an investment firm in Cyprus or elsewhere. Thank you!"*

**Moshe Wasserman | CEO**



# 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 of Excellence**  
*Our reputation is recognized globally; hence our international regulatory services*
- **Recognised**  
*Recommended by legal 500, from 2013-2021 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 everything under one roof minimizes the total cost*

# Our Services

## 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 questionnaires 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 (STP), 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 procedures. 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;
- Assisting with 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;
- Assisting with facilitating Know Your Client (KYC) and anti-money laundering programs;
- Assisting with the 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 the 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 the regulator;
- Auditing compliance with Client Assets safekeeping requirements and submission of the related suitability report to the 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 the 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 payslips and payments of Social Insurance contributions and deductions).



# Global Licensing



## WHERE WILL AGP & Co GET YOU A LICENSE?

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
- LITHUANIA • GIBRALTAR • MALTA

# 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 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 75.000 to EUR 750.000 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;
- Tax Incentives for Foreign Employees (50% tax exemption for employees of over €55k per annum salary).

**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. Therefore there is a clear opportunity to seek a 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 Markets in Financial Instruments 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 (STP)

#### 75.000 EURO

- Reception & Transmission;
- Execution of orders on behalf of clients;
- Portfolio management;
- Investment advice without being authorized for holding clients' funds.

#### 150,000 EURO

- Reception & Transmission;
- Execution of orders on behalf of clients;
- Portfolio management, Investment advice.

### MARKET MAKER LICENSE (Dealing on Own Account)

#### 750.000 EURO

- Reception & Transmission;
- Execution of orders on behalf of clients;
- Portfolio management;
- Investment advice;
- Underwriting and placing of financial instruments on a firm commitment basis;
- Dealing on Own Account;
- Operation of Multilateral Trading Facility.

Time needed for licensing?  
*Within 6-8 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 (EMIs) & Payment Institutions (PIs) 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 an 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

In 2018, the legal framework for the Alternative Investment Funds (AIFs) in Cyprus has been enhanced significantly. The new legislation introduced new rules for authorization as well as enhanced roles and responsibilities for directors, external managers, and depositaries. Most importantly, Cyprus introduced the Registered Alternative Investment Funds (RAIFs), a cost-effective solution and operationally lean structure.

### Main provisions of the AIF Law

#### Regulation & Supervision

The supervision and the regulation of investment funds in Cyprus are with 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 50), 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: **€50.000**.

#### 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.

### Registered Alternative Investment Funds (RAIFs) in Cyprus

A new category of Alternative Investment Funds, the Registered AIFs ('RAIFs') has been introduced by the CySEC. The introduction of RAIFs is considered one of the most important changes made in the fund industry thus far.

A RAIF will be a special type of an AIF that will not be subject to authorisation from CySEC, but it will be regulated through its manager who should always be a licensed AIFM.



### Conditions for a RAIF

An AIF can operate as a RAIF, if all the following conditions are met:

- It is exclusively addressed to professional and well-informed investors;
- It is externally managed;
- Its regulatory documents clearly mention that it is under the specific part of the AIF Law.

A RAIF will be registered in a central register, but it will not fall under the direct supervision of CySEC.

### A RAIF can be set up as:

- A mutual fund;
- An investment company;
- A partnership.

Within 12 months from the date of their registration with CySEC, RAIFs must raise a capital of at least €500,000-(Five Hundred Thousand Euros) from investors.

A RAIF can operate with multiple compartments provided that this is mentioned in its regulatory Documents.

## Alternative Investment Fund Manager (AIFM)

A RAIF should always appoint an external manager that must be either:

- An AIFM of the Republic;
- An AIFM of EU;
- An AIFM outside EU provided that it has received the passport of Directive 2001/61/EU and has defined a reference country in EU.

The AIFM should also appoint a custodian as per the provisions of AIFM Law.

### 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.



# Crypto-Asset Services Providers (CASPs)

CySEC is the national supervisor for the Crypto Asset Services Providers (CASP) registration.

The CASP registration covers the following crypto-business models:

**Cryptocurrency exchanges:** these are online marketplaces where the buying of crypto-assets (i.e. cryptocurrencies, altcoins, non-fungible tokens (NFT) and so on), can take place either as crypto-to-crypto or as fiat-to-crypto and vice versa transactions.

**Crypto Wallet businesses:** and anyone that provides management, administration, transmission, transfer, retention, custodianship and safekeeping of crypto-assets or cryptographic keys or means which allow for the exercise of control in crypto-assets.

All initial offerings (ICO, STO, IEO, IDO), offerings and/or sale of crypto-assets as well as participation and/or provision of financial services related to the distribution, offering and/or sale of crypto-assets.

Such financial services cover:

- Reception and transmission of orders;
- Execution of orders on behalf of clients;
- Dealing on own account;
- Portfolio management;
- Provision of investment advice;
- Underwriting and/or placing of crypto-assets on a firm commitment basis;
- Placing of crypto-assets without a firm commitment basis;
- Operation of a multilateral system where multiple third-party buying and selling trading interests in crypto-assets are able to interact in the system in a way that results in a transaction.

## CASP class & initial capital

**Class ①** CASP that provides investment advice: 50,000 EUR

**Class ②** Class 1 CASP that also provides any of the following services: 125,000 EUR

- reception and transmission of client orders;
- execution of orders on behalf of the clients;
- exchange between crypto-assets and fiat currency;
- exchange between crypto-assets;
- participation and/or provision of financial services related to the distribution, offering and/or sale of crypto-assets, including the initial offering;
- placement of crypto-assets without firm commitment;
- portfolio management.

**Class ③** Class 1 or Class 2 CASP that also provides any of the following services: 150,000 EUR

- administration, transfer of ownership, transfer of site, holding, and/or safekeeping, including custody, of crypto-assets or cryptographic keys or means enabling control over crypto-assets;
- underwriting and/or placement of crypto-assets with firm commitment;
- operation of a multilateral system, which brings together multiple third-party buying and selling interests in crypto-assets in a way that results in a transaction.

## Registration and renewal fees

10,000 EUR for the examination of a CASP application to CySEC;

5,000 EUR for renewing the CASP registration annually from year two and onwards.



## CASP Registration & Notification

New businesses must submit an application to register with CySEC before commencing their operations in or from Cyprus.

Any CASP established in the EEA and registered with the respective AML/CFT national supervisor must submit a notification to CySEC, and provide evidence in relation to their valid registration for each service or activity. In cases where these services or activities are not covered by the framework that governs their CASP registration for AML and CFT purposes, an application should be submitted for registration as a CASP with CySEC.

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**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](mailto:agp@agplaw.com)

**[www.agplaw.com](http://www.agplaw.com)**