



Procedure to setup a CySEC MiFID Investment Firm Licence



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I. Authorization – Legal Requirements

Only Cyprus legal entities can apply for a Cypriot Investment Firm (CIF) authorisation from CySEC. Therefore, the relevant application has to be submitted by a legal entity incorporated in Cyprus. Moreover, the CIF will need to have physical existence in Cyprus (i.e. office) and perform, at least, its major operations from Cyprus. In this respect, a Cyprus company can apply for obtaining a CIF authorization from CySEC to provide the following investment and ancillary services:

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
4. Portfolio management
5. Investment advice
6. Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis
7. Placing of financial instruments without a firm commitment basis
8. Operation of Multilateral Trading Facility (“MTF”)
9. Operation of an Organized Trading Facility (“OTF”)

Ancillary services

- 1.** Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management
- 2.** Granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction
- 3.** Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings
- 4.** Foreign exchange services where these are connected to the provision of investment services
- 5.** Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments
- 6.** Services related to underwriting.
- 7.** II(7) Investment services and activities as well as ancillary services of the type included under points I and II above related to the underlying of the derivatives included under Part III, points (5), (6), (7) and (10) where these are connected to the provision of investment or ancillary services.



II. Application procedure

A company which applies for obtaining a CIF authorization (herein the “Company”) is required to submit an Application Form (Form 144-03-01) which provides information about the Company, the services to be provided, the shareholders, directors, senior management etc. and shall be accompanied at least by the following documentation (if applicable):

Investment Services

1. Incorporation Documents of the Company
2. Amended Memorandum and Articles of Association to enable Investment Firm business
3. Certification of the existence of funds to increase the initial capital + Source of Funds
4. Chart of group structure
5. Questionnaires to be completed by the Directors and Senior Management
6. Passport/ID card, non-bankruptcy certificate and clean criminal record for each Director and Senior Management
7. Incorporation certificates, annual financial statements (consolidated statements, if applicable) for all legal entities having direct or indirect holding in the Company
8. Chart of organizational structure of the company
9. Internal procedure manual
10. Risk management and AML procedures manual
11. Annual financial accounts of the company for the last 3 years
12. Annual consolidated financial accounts for the last 3 years, if applicable
13. Business plan
14. Certification of the representative, external auditor and legal advisor
15. Questionnaires to be completed by all direct and indirect shareholders, if their shareholding percentage exceeds 10% of the Company, along with the required supporting documentation as stated in the questionnaires.

III. General information / Professional fees / Regulatory Costs / Other relevant costs

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| Type | CySEC CIF EU License (Markets in Financial Instruments Directive) |
| Competent Authority | Cyprus Securities and Exchange Commission (CySEC) |
| Estimated timeframe to establish and obtain the | 3-4 months (Expedited procedure - "Fast track" – EUR25,000 fees) |
| Licence | 6-7 months (Normal procedure – no additional fees) |
| Physical Office | Required |
| Office Cost | <ul style="list-style-type: none"> • Limassol – EUR 15 - 30 per sqm • Nicosia – EUR 8 – 15 per sqm • Larnaca – EUR 6 – 10 per sqm |
| Employees | 4 at a minimum including 2 Executive Directors both must be resident, plus 2 Independent Non-Executive Directors ("INEDs"), plus in-house AML Compliance Officer required for FOREX/CFDs. |
| Employee Cost | <p>Approximately, according to industry norm:</p> <ol style="list-style-type: none"> 1. CEO – EUR 4-5000 pm 2. COO / General Manager / AML Compliance Officer – EUR 3-4.000 pm 3. Head of Dealing Room – EUR 1.5 – 2.000 pm 4. Head of Back office – EUR 1.5 – 2.000 pm 5. AMLCO/CO – EUR 1.5 – 2.500 pm |

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| <p>Capital Requirement</p> | <p>A minimum of:</p> <ul style="list-style-type: none"> • EUR50,000 (FX Broker / Investment Advice, Not holding clients' funds) • EUR125,000 (Broker holding clients' funds / Portfolio Management / Investment Advice) • EUR730,000 (Market Maker) | <p>Investment Services that can be offered:</p> <ul style="list-style-type: none"> • Reception and transmission of orders in relation to one or more financial instruments • Investment Advice • Reception and transmission of orders in relation to one or more financial instruments • Execution of orders on behalf of clients • Foreign exchange services where these are connected to the provision of investment services • Investment Advice • Dealing on own account • 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 Facility • Operation of an Organized Trading Facility |
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| Incorporation of Company | EUR2.000 one off |
| Annual Fees for Company (excluding Gov. fees) | EUR 1.500 annual + VAT |
| Licensing Fee | EUR 18-20.000 + VAT one off depending on complexity |
| License Activation | EUR5.000 + VAT one off |
| Annual Regulatory | Fee EUR3.500 pa for CIF (Plus increment on Turnover with a maximum of EUR75.000) |
| Application Submission Regulatory Fees | EUR7.500-12.000 depending on services to be provided |
| On-going Outsourcing Fees | EUR 65-120.000 + VAT pa depending on complexity including INEDs and EMIR Reporting / MiFID II |

Note: The above prices are applicable as of the date of issue of this Memorandum.

IV. Disclaimer:

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