

Fund administration in Cyprus

Alkis Kailos, of Alter Domus, reflects on the fund and administration services the firm provides within Cyprus

Q What fund and administrative services do Alter Domus provide?

A Alter Domus is a fully integrated provider of fund and corporate services, dedicated to servicing international private equity and infrastructure houses, real-estate firms, private debt managers, multinationals, capital markets issuers and private clients. Our vertically integrated approach offers tailor-made administration solutions across the entire value chain of investment structures, from the fund level down to local Special Purpose Vehicles (SPVs).

Founded in Luxembourg in 2003, Alter Domus has continually expanded its global service offering and today counts 39 offices and desks across five continents. This international network enables clients to benefit globally from the expertise of more than 1,800 experienced professionals active in fund administration, corporate secretarial, accounting, consolidation, tax and legal compliance, depository services and debt administration services.

Our Cyprus office was established in 2008 and has since experienced continuous and steady growth in revenues, number of clients and employees. Our fund administration service offering in Cyprus includes assisting with fund set-up, transfer agency, NAV determination and bookkeeping, investor communication, regulator communication, and assistance with statutory and statistical reporting. Overall we offer a full range of middle- and back-office fund administration services from set-up stage to the liquidation of a fund. Alter Domus maintains a local, fully staffed and supported



Alkis Kailos
Alter Domus Cyprus

Alkis Kailos is director and country executive at Alter Domus Cyprus. Before joining Alter Domus, he was the audit partner of Ecovis KLA Partners (audit and business partners) Ltd, and prior to that was as audit director with Deloitte Cyprus. His academic credentials include a Bcs in economics with a major in accounting. He is also a fellow member of the Institute of Chartered Accountants in Australia and New Zealand.

team of professionals servicing fund clients directly through the Cyprus office, while following the quality standards, group policies, practices and procedures of Alter Domus internationally.

Following the acquisition of Luxembourg Fund Partners, Alter Domus is now able to offer third-party Alternative Investment Fund Manager (AIFM) services and therefore continues to develop its vertically integrated range of services for the alternative funds market.

The group is further capable of offering depository services in licensed jurisdictions as a non-financial institution. We expect this segment to continue developing in the coming years.

Q What do you hope to offer in 2018 and beyond?

A Alter Domus has experienced significant growth in recent years with acquisitions in the United States and the set-up of offices in Europe, Asia and Australia. Through our latest acquisition of Cortland Capital Markets LLC, headquartered in Chicago, we have, aside from expanding our fund administration coverage to the United States, significantly expanded our knowledge within service areas we were not previously involved with. Such areas include commercial loan servicing solutions to banks, credit unions, non-bank commercial lenders and

credit funds, securitisation services, syndicated bank loan, leveraged loan and middle-market loan services, escrow services among others.

We do not rule out further location expansion plans as it is our goal to be present wherever our clients want us to be.

Q What are the current trends in the Cyprus fund market – what have you been experiencing recently?

A The most notable and growing trend we see at the moment in our target market comes from the shipping industry, which is looking at alternative methods of financing. The shipping industry is currently experiencing growth after many years of decline and the market conditions are ideal for fleet expansion as the bulker prices remain low. At the same time, however, most banks are hesitant to finance shipping companies, especially small- and medium-sized ones, due to significant financial losses suffered when the economic crisis struck in 2008/2009.

As a result, shipping companies seek other potential sources of finance and many of them identify Alternative Investment Funds (AIFs) as a potential solution. Cyprus, with its historic reputation as a world-class shipping hub, is currently considered a maritime centre with more than 1,000 ships flying the Cyprus flag. The shipping industry received a further boost in 2010 with the introduction of the Tonnage Tax System. The modernisation of Cyprus's fund legislation, which is amenable to new fund managers, provides low AuM funds and has a strong track record, all serve to heighten the appeal of choosing Cyprus as a domicile.



The most notable and growing trend we see at the moment in our target market comes from the shipping industry

Overall it comes as no surprise that many shipping companies are currently choosing Cyprus as a jurisdiction for the launch of their funds. It is of course a challenge for such companies to start operating through the use of an investment fund, which is something completely new for many of them. This is where Alter Domus comes in. We work to help bridge the initial knowledge gap by offering our experience and knowledge of established practices, policies and procedures. If necessary, we are also able to appoint our own AIFM on a given structure.

Q Has Brexit had any impact on Cyprus business?

A Currently uncertainty remains as to the exact impact Brexit will had on the industry in the UK, as well as how UK-issued licences will be treated in the EU. As a result, there are many questions being received and addressed by organisations looking for their plan B in a worst case scenario.

Nevertheless, Brexit has already served to increase interest in Cyprus as a domicile. Cyprus, being a common law European onshore jurisdiction, is turning out to be one of the main locations UK-based fund managers are considering in their efforts to relocate their vehicles to onshore jurisdictions and if they are to continue to enjoy the benefits of European passporting. This is noticeable at the moment and has been for the last 12 months.

Q What other factors will affect Cyprus in 2018 and how is Alter Domus positioned to guide its clients?

A At the moment we are expecting the enactment of the latest legislation updates which will further modernise Cyprus as a funds jurisdiction. We remain hopeful that these changes will add further reasons as to why asset managers should be choosing Cyprus as the place for their Alternative Investment Fund and fund manager.

In the current economic climate, the general legal and compliance environment is very fluid. As such, new legislation continues being introduced at a rapid rate, and we expect this to continue within Europe.

Currently the only international fund administrator in Cyprus with a fund administration team based locally, and being one of the leaders in the local market, Alter Domus is perfectly positioned with the accumulated knowledge and support of its international teams to assist fund managers in facing and overcoming challenges that come their way. **HFM**