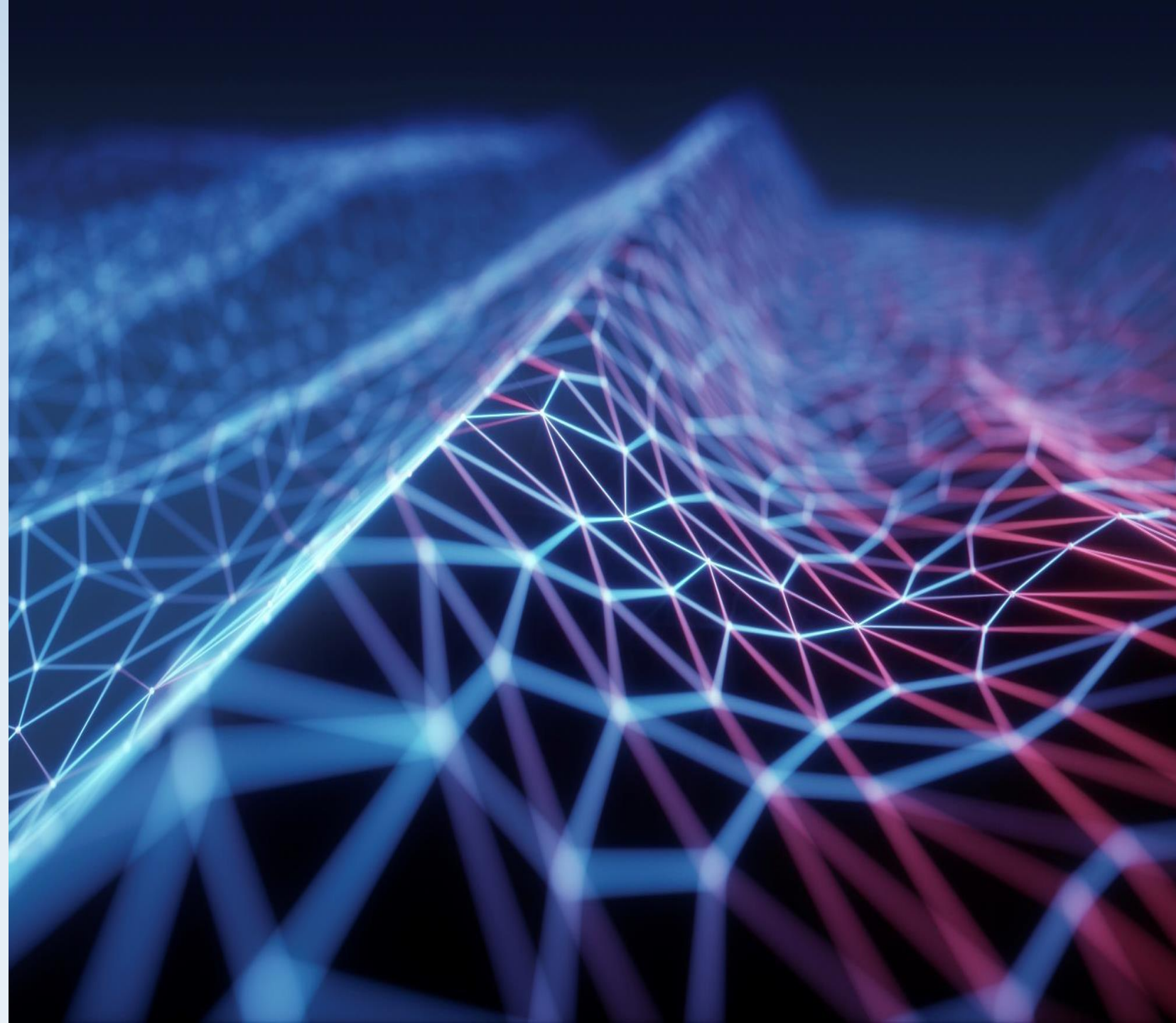


Cyprus: An emerging hub for Investment Firms in Europe



CYPRUS INVESTMENT FIRMS INDUSTRY: OVERVIEW

Investment firms are regulated by the Cyprus Securities and Exchange Commission (CySEC), under the CIFs and Investments Firms Law. The term "investment firm" includes, amongst others, portfolio managers, broker companies, investment adviser and forex trading companies, which all fall under the definition of CIFs.



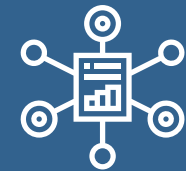
BUSINESS
ENVIRONMENT



FIRM REGULATION



TAILOR-MADE TAX
SYSTEM



LEGISLATIVE
FRAMEWORK

LICENCE REQUIREMENTS

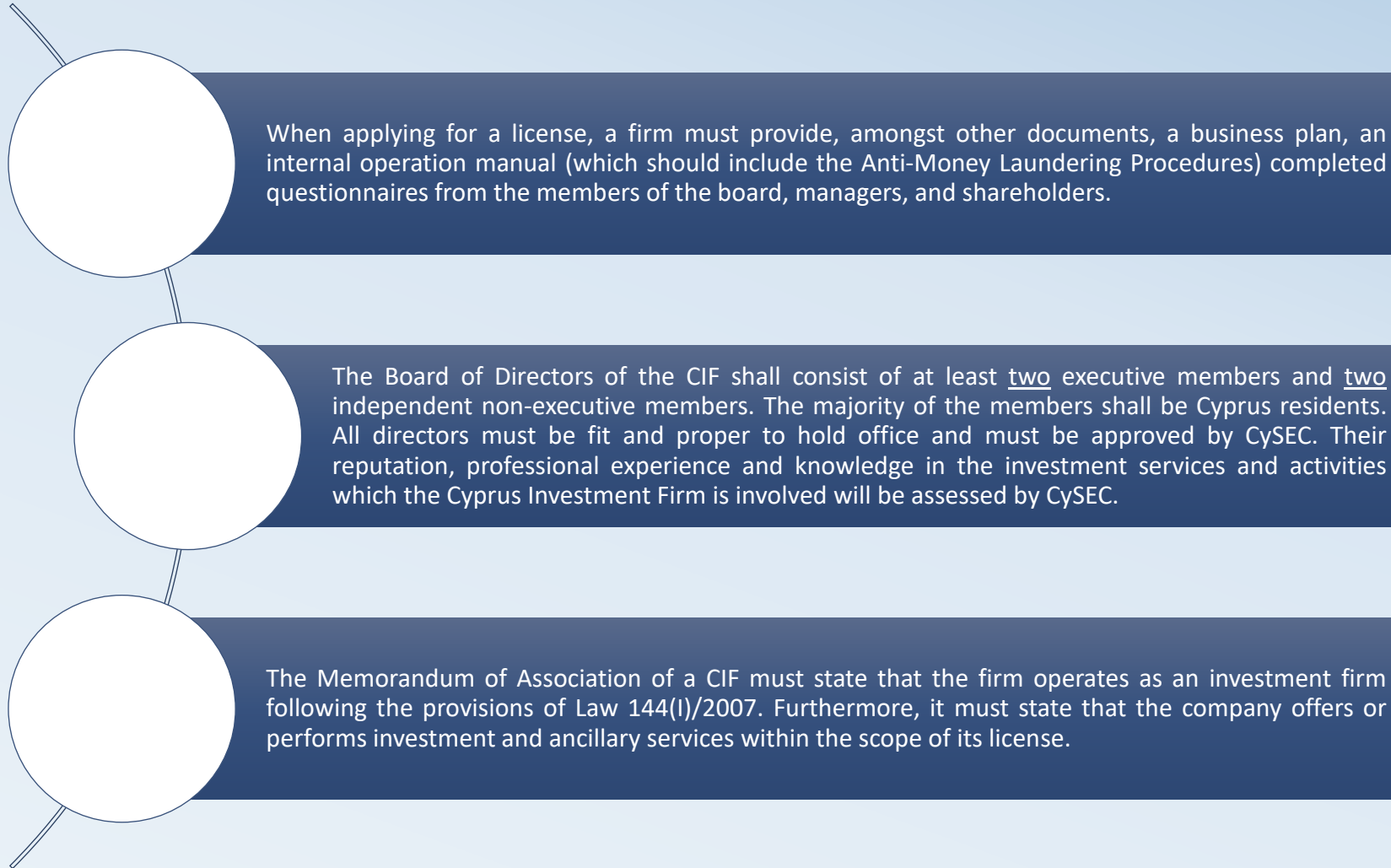
For CySEC to grant CIF authorisation, a formal application procedure needs to be followed, and certain requirements must be met, the most important of which are stated below.

1. Capital Requirements

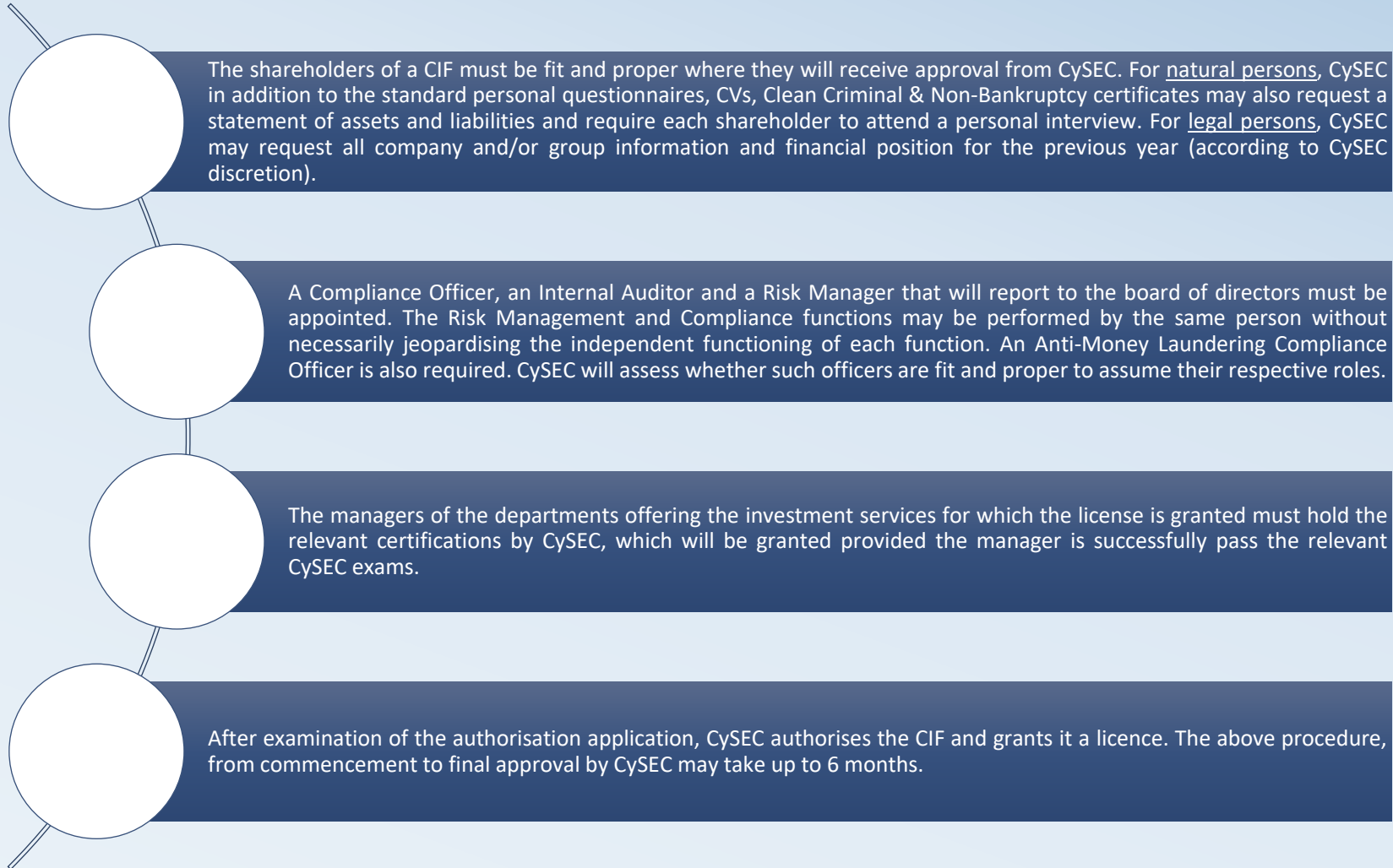
The minimum capital requirement for a CIF depends on the type of services offered:

Investment Services	Share Capital (€)	Comments
Reception and Transmission of orders	125,000	Holds clients' money and/or client's financial instruments
Execution of orders	125,000	Holds clients' money and/or client's financial instruments
Portfolio Management	125,000	Holds clients' money and/or client's financial instruments
Provision of Investment advice	125,000	Holds clients' money and/or client's financial instruments
Reception and Transmission Execution of orders	50,000 or has professional liability insurance or both	Does not hold clients' money and/or client's financial instruments
Portfolio Management Provision of Investment advice	50,000 or has professional liability insurance or both	50,000 or has professional liability insurance or both
Dealing on own account	730,000	i.e. Trading against proprietary capital resulting in the conclusion of transactions in one or more financial instruments
Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis	730,000	"Placing is the service provided by an investment firm to an issuer whereby the firm undertakes to place financial instruments with investors on behalf of the issuer. Placing can be carried out either on a firm commitment basis or not depending on the type of commitment that firms undertake towards the issuer
Placing of financial instruments without a firm commitment basis	730,000	
Operation of Multilateral Trading Facility (MTF)	730,000	A self-regulated financial trading venue

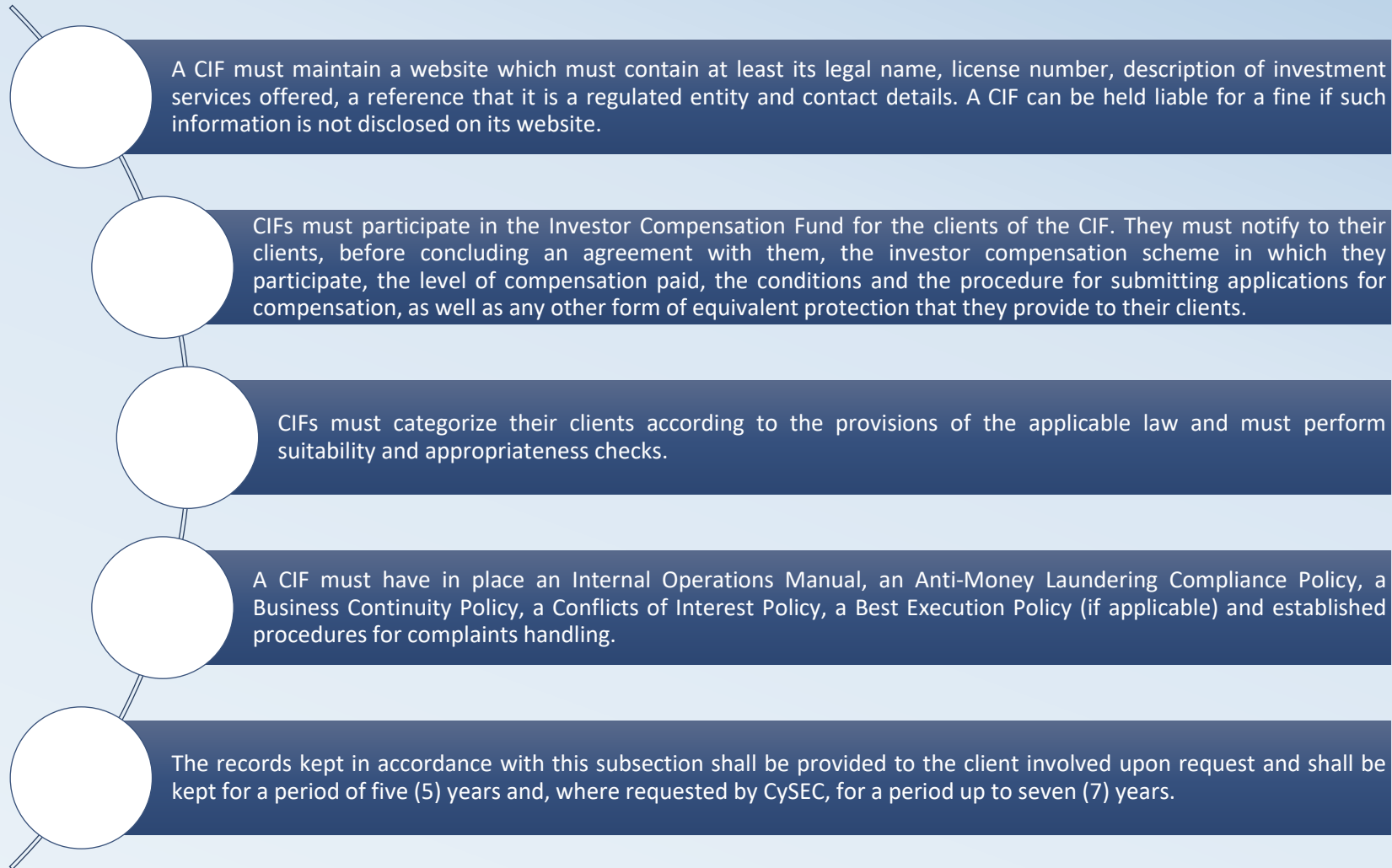
2. Other Requirements



3. Shareholders, Senior Officers & Time Frame



4. Website, Investor Compensation Fund, Client Categorisation Policies & Procedures, Record Keeping



TAX CONSIDERATIONS

Profits from CIF's Activities

Corporation tax on net profit is 12,5%. However, gains from the sale of titles, and, in most cases, dividends received are exempt from tax. There is no withholding tax on dividend, interest and royalties paid to non-residents.

Capital Gains

Capital gains are not taxable in Cyprus except for the 20% tax on gains on immovable property that is located in Cyprus, and on any gain from the sale of shares in companies that own immovable property in Cyprus. All other gains of a capital nature are not taxable.



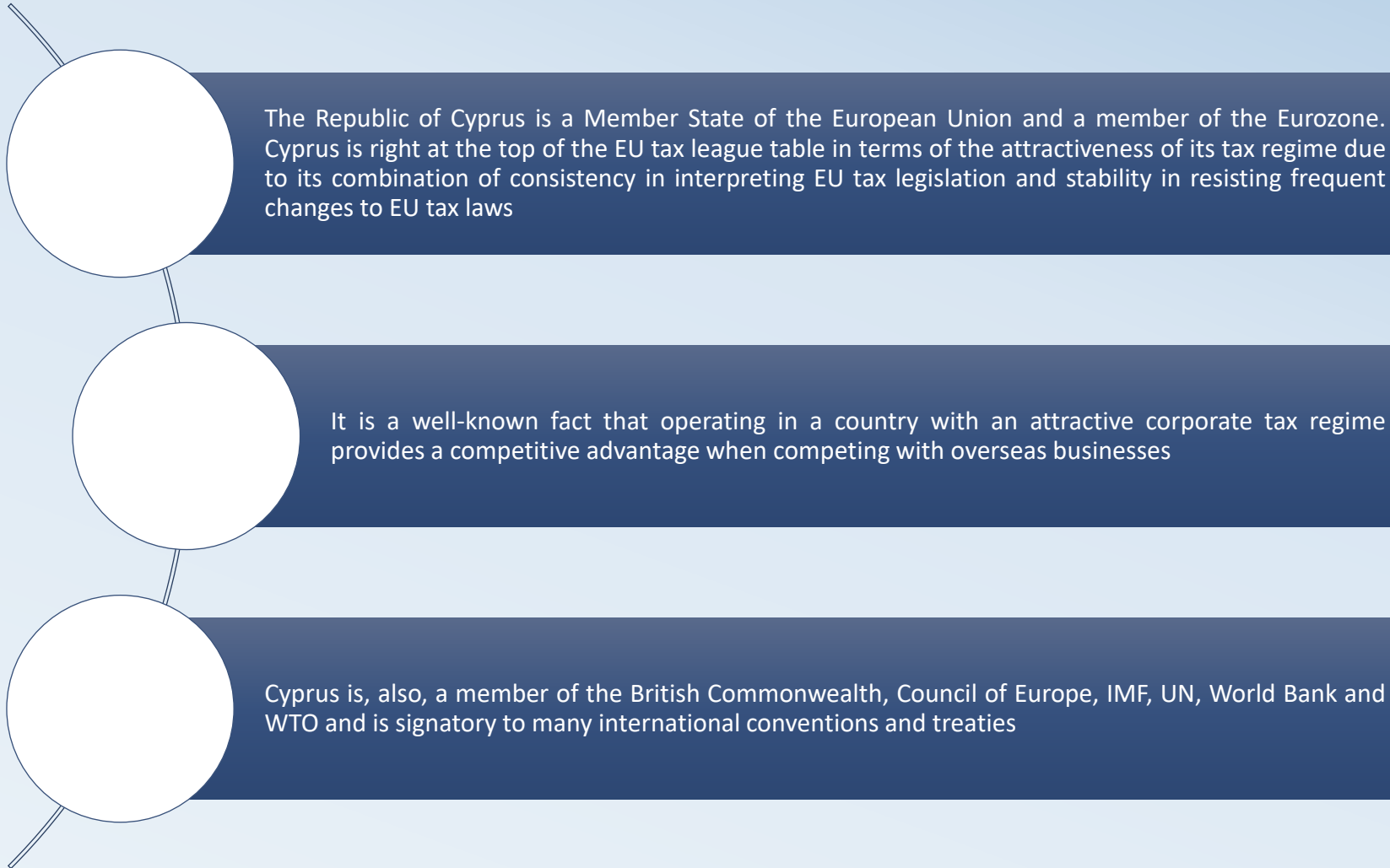
EU PASSPORTING

A CIF may establish a branch in the Republic of Cyprus and offer its services given that the services it provides are covered by its licence. Moreover, a CIF may provide investment and ancillary services in another country as long as it is covered by its authorisation. Note that ancillary services can be provided only in combination with investment services.

In addition, an investment firm authorised and supervised by the competent authorities of another country may offer its services in Cyprus by establishing a branch. Specifically, if an investment firm from another country wishes to establish a branch in Cyprus, then the equivalent foreign regulator should send a list of information to CySEC.



Why Cyprus is a Regional/International Headquartering Centre

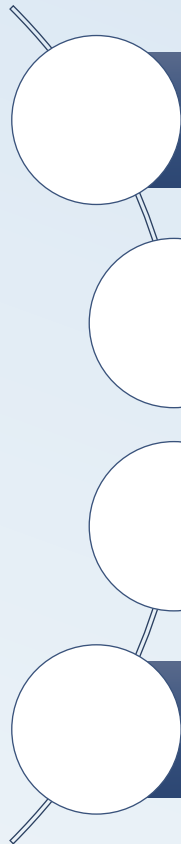


Cyprus: An ideal jurisdiction for an EU Base

- Diversified, Skilful and Well-Educated Workforce
- EU Member and International business hub
- Utilization of EU Directives
- Transparent regulated banking system aligned with the comprehensive EU legislative framework
- Cyprus Holding Companies – Exemptions
- Can be used as Regional office for Middle East Countries
- Administration and Operational Costs much lower than any other EU Country
- Cyprus Climate
- Excellent infrastructure
- Multilingual Country
- No CFC Legislation
- Flexible and Modern Legislation
- OECD Whitelist Jurisdiction
- EU Passporting for funds, investment companies, public companies [through Cyprus securities and Exchange Commission, Cyprus Stock Exchange, and Emerging Companies Market (ECM equivalent to UK's AIM)]



HOW PELAGHIAS, CHRISTODOULOU, VRACHAS LLC CAN HELP YOU?



We will be happy to assist in advising you as to which is the most suitable CIF structure option for your business

Provide guidance, drafting and reviewing of all supporting documentation needed in the preferred CIF structure option

File an application with CySEC and accompany all relevant documents for the filing and follow-up of the application until final approval

Ongoing legal support for any matter in relation to the CIF