

REVISED CONSTITUTION
OF
THE CYPRUS INVESTMENT FUNDS ASSOCIATION

FEBRUARY 2018

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CONSTITUTION OF THE
"CYPRUS INVESTMENT FUNDS ASSOCIATION"

Article 1: Name and Seat

An Association is established with the name "CYPRUS INVESTMENT FUNDS ASSOCIATION" (CIFA) having its seat in Nicosia.

Article 2: Objectives

The objectives of the Association are:

- 2.1. To promote and project Cyprus as an international centre for the management of Investment Funds.
- 2.2. To represent the sector of Cyprus Investment Funds in foreign countries and international organisations and agencies.
- 2.3 To provide help and support to its members in monitoring developments in the investment fund management market and to protect the interests of its members.

2.4 To cooperate with the competent Supervisory Authorities and to submit suggestions on the creation of an institutional framework that would be conducive to the promotion and development of the Investment Funds sector in Cyprus.

2.5 To upgrade the professional qualifications, the credibility, professional ethics and quality of services provided by its members.

2.6. To protect investors in the Investment Funds sector.

2.7. To become member and participate in the activities of the European Fund Assets Management Association (EFAMA).

2.8 To cooperate with Investment Management Organisations or other organisations having similar activities.

2.9. To set up Archives and to systematically monitor developments in the Investment Funds market.

2.10. To cooperate with the competent government services and Supervisory Authorities in the furtherance of its objectives.

Article 3: Ways to Achieve the Objectives

In order to achieve its objectives, the Association:

3.1 Organises seminars, congresses, educational programmes, lectures, events and publications in the print and electronic media or in any other means in Cyprus and abroad.

3.2. Cooperates with other associations, foundations and organisations having similar objectives in Cyprus and abroad.

3.3. Undertakes legal actions and uses any lawful means which may be deemed to serve its purposes.

3.4. Analyses the economic situation and prepares studies.

3.5. Prepares reports and makes them available to interested parties.

3.6. Works for the creation of the necessary infrastructure.

3.7. Publishes, prints and circulates in the written and electronic press bulletins, leaflets, books, journals and magazines related to its activities.

3.8. Secures the necessary resources for its operation through the organisation of events and through contributions, grants, donations and bequests from any person, organisation or the Government in Cyprus and abroad and by any other lawful means.

3.9. Manages properly its property or assets.

3.10. Employs persons for the execution of specific work.

Article 4: Membership

The members of the Association are classified into a) Ordinary Members and b) Honorary Members.

4.1. **Ordinary members** may become any corporate bodies or natural persons, provided that they are registered and licenced by the competent Supervisory Authorities in Cyprus to carry out business in the Republic of Cyprus and abroad, irrespective of their legal form. Indicatively, the organisations and persons having the right to apply to become members of the Association are:

4.1.1. Collective investment management companies and other investment organisations.

4.1.2 Providers of services in the management of collective investments market such as:

4.1.2.1 banks or credit institutions

4.1.2.2. investment funds and asset management companies

4.1.2.3 investment managers

4.1.2.4. investment consultants

4.1.2.5. other financial sector professionals

4.1.2.6. independent auditors

4.1.2.7. legal advisers

4.1.2.8. other consultants and service providers offering specialized services in the sector of collective investments.

4.2 The Members of the Association which are corporate bodies are registered in the Register for Corporate Bodies. The members of the Association who are natural persons are registered in the Register for Natural Persons.

4.3 Corporate bodies which are Members of the Association have the right to nominate a number of their employees, as specified in Article 15 who, provided that they fulfill the requirements of Article 4.1 and following the submission of an application under Article 5, are registered as Ordinary Members.

4.4. Persons who have made a distinguished contribution to society or are in a position to provide outstanding services for the attainment of the objectives of the Association may be designated by the Board as **Honorary Members**. The relevant decision is taken by a two thirds (2/3) majority of the members of the Board.

4.5 The Corporate Bodies which are Members of the Association may designate additional employees to those provided for in article 15 for registration under Article 4.3 as Ordinary Members, but in no case shall the number of employees of a Corporate Body who are registered as Ordinary Members be more than twelve (12).

Article 5: Registration of Members

5.1. A person who meets the provisions set out in Article 4 and wishes to become a Member of the Association may submit to the Board a written application on a special form which will be provided by the Association. The application must be supported by at least one Member of the Association. Along with the application, the application fee as provided for in Article 15.1 of the present Constitution shall be paid. The application fee is not refundable in case of rejection of the application.

5.2. The Board is required to consider the applicant's request at its next meeting and decide to approve or reject it. The decision of the Board shall be recorded in the book of minutes and communicated to the applicant.

5.3 A person whose application was rejected may appeal by submitting a written application at the immediately next General Meeting of the Members of the Association. The decision of the General Meeting is final.

Article 6: Obligations of Members

6.1 All Members shall make every effort to promote the aims of the Association in the framework of legitimacy.

6.2 Members shall pay the registration fees and / or annual subscription, which may be fixed by the Board and approved by the immediately next General Meeting.

Article 7: Rights of Members

7.1 Ordinary Members have the right to elect and be elected in the elections for the Members of the Board, provided that they attend the meeting in person. Honorary members do not have such a right.

7.2 An Honorary Member may attend meetings of the Board or General Meetings upon invitation, but without voting rights.

7.3 Any Member may submit a written resignation, or request to be struck off the register of members.

7.4 Striking off a Member from the register shall be permitted only in the cases provided for in Article 8 of the Constitution.

7.5 Membership is not open to representation and is not transferable or inheritable.

Article 8: Striking off Members

8.1 The Board has the right to strike off the register any Member who has manifestly conflicted by word or deed with the objectives of the Association. The decision must be taken

by at least a two-third (2/3) majority vote of the Members of the Board and ratified by the General Meeting.

8.2 A Member is struck off the register when the Member refuses or omits or fails to pay the annual subscription.

8.3 The member is struck off upon his written request to the Board.

Article 9: Representation of the Association

9.1 The Association is represented in out of court proceedings or before any Judicial, Administrative or other Governmental or other Authority by the President of the Board, or when he is unable to do this, by the Vice President, and if he too is unable, by the Secretary.

9.2 Without prejudice to subsection 9.1 above, in special cases where specialized knowledge is required, the Board may appoint for that purpose any of its Members and/or any Member of the Association or any other person.

Article 10: Administrative Organs

The Administrative of the Association are:

10.1 The General Meeting

10.2 The Board

Article 11: The Board

11.1 The minimum number of Board members is seven (7) and the maximum number seventeen (17). One member (1) is appointed by the Cyprus Stock Exchange, one (1) member is appointed by the Cyprus Investment Promotion Agency and the other members are elected by the Electoral General Meeting.

The number of members of the Board will be determined by the Board before the Electoral Meeting.

11.2 The composition of the Board shall be made in such a way that:

11.2.1 Employees of the same Corporate Body- Member of the Association shall not have more than one place on the Board.

11.2.2 No more than four Members of the Board may come from each of the following categories:

- Banks or Credit Institutions
- Investment Fund Managers and Investment Consultants
- Providers of Administrative Services for Investment Funds

- Practicing Auditors
- Practicing Lawyers

11.2.3 Two (2) members of the Board shall hold the post of Vice President

11.2.4 A member of the Board shall be appointed by the Council of the Cyprus Stock Exchange. This person must be a Member of the Council of the Cyprus Stock Exchange or a representative appointed by the Council of the Cyprus Stock Exchange.

11.2.5. A member of the Board shall be appointed by Cyprus Investment Promotion Agency. This person must be an Executive Member of Cyprus Investment Promotion Agency or a representative appointed by the Board of Directors of the Cyprus Investment Promotion Agency.

11.2.6. The member of the Board appointed by Cyprus Investment Promotion Agency, shall hold one of two Vice President posts and the second Vice- President shall be elected as provided in Rule 11.2.2 of the Constitution.

11.3 The members of the Board within seven days of their election shall meet and elect among themselves the President, Vice President, Secretary, Treasurer and other officials. The Board may establish committees to assist its work in specialized areas, which may include non-Board members.

11.4 The term of office of the Board of Directors shall be three years. Provided that the term of office of the Board elected in February 2013 shall last until the Electoral Meeting to be held in 2016.

1.4.1. 1/3 of the members of the Board of the Association, starting from the Electoral General Meeting to be held in 2018 shall leave their post, but shall be eligible for re-election.

The Board Members to leave their post at the 2018 Electoral General Meeting shall be the ones who received the smallest number of votes in their favor at the previous Electoral General Meeting. In the event of a tie, the withdrawal shall be decided by drawing a lot between those who received an equal number of votes.

11.4.2. Subsequently, at the next Electoral General Meeting and every other Electoral General Meeting to follow, those Board Members who leave their post, shall be among those who held their position on the Board of the Association for the longest period since their election.

Where the period of service of one or more Board Members is the same, the Members to leave shall be decided by lot.

11.4.3 The President of the Board shall leave his post as President at each Electoral General Meeting and shall not have the right to be re-elected in this post at the immediately next term of office of the Board.

Article 12: Powers, Duties, Election, Mode of Operation and Termination of Board Members

12.1 The Board shall have the following powers / competences / duties:

12.1.1 Handles matters concerning the Association, its assets, manages its work and generally ensures the achievement of its objectives.

12.1.2 Ensures that the provisions and stipulations of the Constitution of the Association are applied.

12.1.3 The Members of the Board shall not receive any remuneration. Provided that members of the Board may recover and / or claim any reasonable expenses incurred in the performance of their duties, including remuneration for research projects or other projects funded or co-funded by third parties, after producing the necessary documents.

12.2 Ordinary and Extraordinary Meetings

The Board meets at regular intervals and extraordinarily when invited by the Secretary following a decision of the President or when requested in writing by more than half of the members of the Board, stating the reason or reasons for their request. Meetings of the Board of Directors may also be held by telephone, videoconferencing or other electronic means of communication.

12.3 Quorum in the Board

12.3.1 The Board is quorum when a majority of the members are present. The quorum shall also include persons attending the meeting by telephone, video conference or other electronic means of communication.

12.3.2 Members of the Board shall be excluded from the voting procedure in the event of an impediment or conflict of interest.

12.4 Decision- Making by the Board

12.4.1 The decisions are taken by majority vote. In case of a tie, the President has a casting vote or, in the absence of the President, the Vice President, or if he too is absent, the person presiding over the Board has a casting vote.

12.4.2 A written decision signed or approved by letter by e-mail, fax or other modern or asynchronous means of communication by all Board Members shall be as valid and effective as if it were taken at a meeting of Board members duly convened and held and when signed may consist of several documents each signed by one or more of the above persons.

12.5 Vacant position in the Board

12.5.1 The Board shall declare vacant the post of any member who has resigned or has been absent without a serious reason from three (3) consecutive meetings or is terminated as provided for in Article 12.7, and appoints in his place the first runner-up from the last election of the Board.

12.5.2 If the runner-up refuses, the next one is appointed and so on. If there is no runner-up, the Board may appoint any member of the Association, whose term will expire at the end of the term of the Board. Provided that the Board also has the right to fill a vacant post as provided for above in case the number of Board Members is increased at any time.

12.6 Commitments of the Association

Unless otherwise provided in the present Constitution, the Association is generally bound by the signatures of the President and the Secretary, when they sign together.

12.7 Termination of Board Members

12.7.1 The Board may request the termination or terminate any of its members, if the said member:

12.7.1.1 behaves in a way which is not in line with the purposes of the Association as set out in this Constitution, and / or

12.7.1.2 has committed any offense that would tend to offend the Association, its members, or is in itself unacceptable behavior.

12.7.2 Provided that a decision to terminate a Member for any of the above-mentioned reasons shall be taken by a decision of more than two-thirds of the Board Members, with the exception of the Member who is under termination.

12.7.3 It is also provided that if any Member of the Board is terminated in accordance with Article 12.7.1, he may seek the annulment of the decision at an Extraordinary General Meeting, which the Board shall convene if requested in writing by the said Member.

12.7.4 The right to seek annulment may be exercised by the member within two weeks from the day the decision of the Board was communicated to him in writing.

Article 13: Electoral Meetings

13.1 Annual General Meeting

13.1.1. The General Meeting meets once a year at such time and place determined by the Board, and is chaired by the President of the Board.

13.1.2. The convening of the General Meeting shall be notified at least thirty (30) days in advance by an individual invitation to the members of the Association sent electronically or by mail.

13.1.3. The invitation shall indicate the date, time, place and the agenda items of the General Meeting.

13.1.4 The agenda items of the General Meeting are as follows:

13.1.4.1. Report on the activities of the Board.

13.1.4.2. Information on the cash position of the Association.

13.1.4.3. Adoption of the audited accounts and the report of the External Auditor.

13.1.4.4. Appointment of External Auditor each year.

13.1.4.5. Miscellaneous.

13.2. Electoral General Meeting:

13.2.1. At the Electoral General Assembly, two (2) members are appointed, one (1) by the Cyprus Stock Exchange and one (1) by the Cyprus Investment Promotion Agency. The remaining members are elected.

13.2.2. For the carrying out of the work of the Electoral General Meeting, Members present shall elect:

13.2.2.1. The Presidency, which is made up of three (3) members, one of whom presides and

13.2.2.2 An Electoral Commission made up by the President and two (2) members, which will oversee the elections.

13.2.2.3. The election of the Board Members shall be made by secret ballot. Each voter shall vote for 8-15 candidates at the Electoral General Meeting of 2016, while for the Electoral General Meeting of 2018 and afterwards he shall vote for 3-5 candidates.

13.2.2.4. Subject to the provisions of Article 11, the fifteen (15) members of the Board in respect of the 2016 elections and the five (5) members of the Board in respect of the elections of 2018 and afterwards, shall be elected among the members of the Association who are nominated by other members of the Association or submit their candidacy themselves. Candidacies for election to the Board must be made in writing at least fifteen (15) days before the date of the Election Meeting.

13.3. Extraordinary General Meetings:

13.3.1. All General Meetings other than the Annual General Meeting shall be called Extraordinary General Meetings. These shall be convened when the Board deems it necessary, or when requested by more than one third (1/3) of the members of the Association by a signed letter, for a specific purpose set forth clearly in the request.

13.3.2. The letter shall be addressed to the Board and shall clearly mention the topics that the persons requesting the Extraordinary General Meeting want to come up for discussion.

13.3.3. Extra-ordinary General Meetings shall also be called by the Board, if a request is made by any terminated member of the Board, according to Article 12.7 of the Constitution.

13.4. Quorum in General Meetings:

13.4.1. The General Meetings shall be in quorum when more than half the number of Members entitled to vote are present.

13.4.2. If there is no quorum, the Meeting shall stand adjourned for 30 minutes, when any Members present constitute a quorum. All the Members who have paid their subscriptions before the start of the General Meeting shall be entitled to vote. Corporate bodies Members of the Association are represented by their employees who are registered as Ordinary Members.

Corporate bodies which do not have employees registered as Ordinary Members shall designate in writing to the Board the person who will represent them. Natural persons have the right to designate in writing to the Board the person who will represent them. The relevant document concerning the representation shall be submitted to the Board before the General Meeting. Each person may represent at the General Meeting up to four (4) members

13.5. Decisions of General Meetings

13.5.1 The decisions of General Meetings are taken by majority vote, unless otherwise provided for in the Constitution.

13.5.2 A decision of the General Meeting on a subject not mentioned in the invitation notice shall be valid, if the matter is inscribed in Miscellaneous at the start of the General Meeting, and before the report on the activities of the Board is presented.

Article 14: Powers, Duties and Responsibilities of Board Members

14.1. The President:

14.1.1 Chairs the meetings of the Board.

14.1.2 Together with the Secretary signs all outgoing documents of the Association.

14.1.3 Convenes a meeting of the Board by a written invitation that sets out the day, hour, location and items on the agenda.

14.1.4 Convenes a meeting of the Board when at least four (4) of its Members request this in writing.

14.1.5 Represents the Association out-of-court and in court and in the event of impediment or absence he is represented by the Secretary or the Vice-President.

14.1.6 Together with the Secretary represents the Association in its relations with third parties.

14.1.7 Authorizes the Treasurer of the Association to make payments approved by the Board on the basis of receipts.

14.1.8 Gives an account to the General Meeting, and

14.1.9 Has a casting vote in case of a tie at the meetings of the Board.

14.2 The Vice -President:

14.2.1 Assists the President in the exercise of his duties as listed in the Constitution.

14.2.2 Acts for the President in his absence.

14.3. The Secretary:

14.3.1 Acts for the President and the Vice President when they are absent.

14.3.2 Keeps the minutes of meetings of the Board.

14.3.3 Is responsible for conducting the correspondence of the Association.

14.3.4 Together with the President signs all outgoing documents and correspondence of the Association and keeps a record of all incoming and outgoing documents of the Association.

14.3.5 Keeps the register of members which he updates unfailingly.

14.3.6 Is responsible for keeping the Books of the minutes of Board meetings, the Certificate of Registration and generally the records of the Association.

14.3.7 Together with the President, represents the Association in its relations with third parties.

14.3.8 Is responsible for the safekeeping of the seal of the Association with which stamps all outgoing documents and letters.

14.4 The Treasurer

14.4.1 The Treasurer sees that proper accounting books are kept in respect of all the money received and expended by the Association and the matters in respect of which receipts and payments are made.

14.4.2 Makes all payments authorized by the Board in respect of which he has the approval of the President and keeps all relevant receipts in a special registry.

14.4.3 Keeps the book of the Association's Assets.

14.4.4. Is personally responsible for the money of the Association, as well as any other documents, or title deeds of movable and immovable property of the Association.

14.4.5 Upon the decision of the Board opens an account or accounts in the name of the Association in banks and / or other financial institutions.

14.4.6 Signs together with the President and / or Vice President and / or Secretary, and / or any member of the Board, as the Board may determine from time to time, the cheques issued for the payment of obligations of the Association.

14.4.7 Is required to deposit immediately in bank / or other credit institution, any amount over eighty five euros (€ 85) which is in his possession.

14.4.8 Informs the Board on the financial situation of the Association whenever requested to do so or upon his resignation or to the General Meeting or whenever the General Meeting requests such information.

14.4.9 Gives an accurate account of all receipts and payments made by him, of the balance of the money in his possession and of any other property of the Association entrusted to him since the day of his appointment.

14.4.10 Gives the relevant books he keeps to the External Auditor of the Association at the end of each year for audit and also when the General Assembly or the Board so decides.

Article 15: Resources of the Association

The Association's resources may come from:

15.1 The registration fee which is fixed as follows:

15.1.1. For natural persons or corporate bodies employing 1-10 persons: € 200.

15.1.2. For corporate bodies employing 11-50 persons: € 400.

15.1.3. For corporate bodies employing 51 - 100 persons: €800.

15.1.4 For corporate bodies employing more than 100 persons €1000

15.2 The annual subscription which is fixed as follows:

15.2.1 For natural persons or corporate bodies employing 1-10 persons:€ 200.

15.2.2 For corporate bodies employing 11-50 persons: € 400.

15.2.3 For corporate bodies employing between 51 and 100persons: € 800.

15.2.4. For corporate bodies employing more than 100 persons: €1000.

15.3 Corporate bodies have the right to nominate their employees for registration as ordinary members under Article 4.3, without paying an additional registration fee or additional annual subscription as follows:

15.3.1 Corporate bodies employing 1-10 persons: 1 employee

15.3.2 Corporate bodies employing 11-50 persons: 2 employees

15.3.3 Corporate bodies employing 51-100 persons: 4 employees

15.3.4 Corporate bodies employing more than 100 persons: 5 employees.

15.4 Subject to the provisions of Article 4.5, corporate bodies may nominate for registration as ordinary members additional employees to those referred to in Article 15.3. For each additional employee a registration fee of €200 and an annual subscription of €200 in addition to the amounts mentioned in Articles 15.1 and 15.2. shall be paid.

The amounts listed in paragraphs 15.1., 15.2. and 15.4 may be revised by the Board and approved by the next Annual General Meeting.

15.5 Donations, contributions, grants, bequests and income from various events and activities or from members.

15.6 Any other income that accrues to the Association in a lawful manner, but not from activities relating to dealings in land or exploitation of real estate or other speculative activities.

Article 16: Use of the Association's Funds

16.1. The funds of the Association may be used only for the objectives of the Association.

16.2. The funds of the Association may be invested anywhere following a decision taken by a majority of the total number of Members and their yield shall be available every year for the objectives of the Association.

16.3. Any remaining funds shall be deposited by a Board decision in a Commercial Bank or other Credit Institution, for use in subsequent years.

Article 17: Inspection of Books

Two or more members of the Association may, upon request to the President of the Board, examine the books and the accounts of the Association, at a mutually acceptable date.

Article 18: External Auditor

The External Auditor who I appointed under Article 13.1.4.4. audits the relevant books of the Association and prepares receipts and payment accounts as well as the balance sheet at the end of the year and for any shorter period when he is so requested by the Board

Article 19: Bylaws and Operating Procedures

The Board by resolution may adopt Bylaws and Operating Procedures relating to the various activities of the Association, the operation of working groups, the Evaluation Criteria for financial aid etc.

Article 20: Emblem / Seal of the Association

The Emblem / Seal of the Association shall be determined in Annex "A" of the present Constitution.

Article 21: Amendment of the Constitution

21.1 The Constitution may be amended or replaced by decision of a Constituent General Meeting, which requires the presence of more than half of the members of the Association who have paid their contributions, by a majority vote of three fourths ($\frac{3}{4}$) of the members present.

In particular for the amendment of Article 2 which sets out the objectives of the Association a majority of three fourths ($\frac{3}{4}$) of the registered members who have paid their contributions is required.

21.2 In case less than half the Members of the Association are present, the Meeting stands adjourned for 7 days.

21.3 In the event that there is no quorum at the adjourned Constituent General Meeting, as mentioned in Article 21.2, the Meeting is adjourned for half an hour, when any Members present form a quorum.

Article 22: Dissolution of the Association and Disposal of its Property

22.1 The Association is dissolved in accordance with the provisions of section 24 of the Associations and Institutions Law N.57/72 and its liquidation is done as provided for by Article 25 of the Law.

22.2 Once all obligations of the Association are paid, the remainder of its property is transferred to a charitable organisation.

ANNEX “A”

“The emblem/seal of the Association shall be attached as adopted.

