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Clarifications to the Call for Expression of Interest (CEoI) to select a Financial Intermediary under the Cyprus Equity Fund

Reference number: Call for EoI - No. RRF-CY/2022/01

The aforementioned Call stipulated that: “*Requests for clarifications from Applicants shall not receive individual replies. Instead, answers to relevant requests for clarifications received within the relevant deadline will be published together in a Clarification Document to be posted on the website www.eif.org, at latest on 08 June 2022*”.

In accordance with this provision, we hereby present such a clarification document. Capitalised expressions utilised below shall have the meaning attributed to them in the above-mentioned Call for Expression of Interest, unless otherwise defined below or the context requires otherwise. Questions may appear as they have been received without any editing from EIF; they also appear in a random order.

Questions received after the deadline mentioned in the Call for EoI are not included / addressed.

Questions related to the Call for EoI for the Cyprus Equity Fund (No RRF-CY/2022/01)

Q1	Have you any expectations/preferences regarding the fund partition between Accelerator Compartment and VC Compartment (that is, 50%-50%, 80%-20%, etc.)? Could it be 100% Accelerator - 0% VC, so no need for additional investors at all?
	As per the Call documentation, Annex 3 Underlying Fund Term Sheet, “it is expected that, in principle, the substantially largest commitment will be channeled towards the VC compartment”. Having a 100% Accelerator – 0% VC structure is not acceptable.
Q2	Have you any expectations/ preferences regarding the fund size (i.e., 40M Euro, 100M Euro)? Could it be 33M Euro (that is, 3M Euro by the Fund Manager, 30M Euro by the CEF, and zero by other Investors)?
	<p>Please refer to the Call documentation, indicatively:</p> <ul style="list-style-type: none"> - As per the Call for Expression of Interest: An amount of up to EUR 27 million will be allocated to the Financial Intermediary (-ies) out of RRF resources and JEREMIE reflows. - As per Annex 3 Underlying Fund Term Sheet: The Financial Intermediary shall contribute an adequate minimum percentage of the total size of the Underlying Fund (i.e., its total commitments) as a limited partner of the Underlying Fund. - As per Annex 3 Underlying Fund Term Sheet: the applicable State Aid regime(s) will ultimately depend on the investment strategy proposed by the selected Financial Intermediary (-ies) and its (their) ability to source private financing (which is part of the Quality Assessment Criteria of applicants).

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	<p>- As per Annex 3 Underlying Fund Term Sheet, Pari-passu structure: 30% Private Investor contribution at the Underlying Fund level in case Option 1 is selected (or at the VC compartment level of the Underlying Fund in case Option 2 is selected) on a ‘pari passu’ basis</p> <p>No numerical example can be provided.</p>
Q3	<p>Please confirm that a company with the following characteristics meets the definition of “Financial Intermediary” for the purpose of the Call:</p> <ul style="list-style-type: none"> a) it is a Cyprus Investment Firm licensed by the Cyprus Securities and Exchange Commission (“CySEC”) to provide investment and ancillary services under MiFID; b) it has been approved by CySEC to be appointed as External Manager of authorised Alternative Investment Funds; and, c) it is registered in CySEC’s Register of Authorised Sub-Threshold AIFMs
	<p>The Financial Intermediary can be any type of investment fund that is recognised under the applicable jurisdiction, within constraints mentioned in the CEoI.</p> <p>Please note that, as per the Call documentation, the assessment of legal structures is part of the selection criteria. Among other elements, the rationale for the choice of the jurisdiction and/or legal entities should be described, including the relevant tax implications as applicable. Any justification of a structural element would need to be assessed on a case-by-case basis in line with the standards of the due diligence process promoted by the EIB Group AML-CFT Policy and the EIB Group NCJ Policy. Additional questions may arise as part of this process.</p> <p>No further guidance can be provided in this respect beyond what is written in the Call documentation.</p>
Q4	<p>Please confirm that the total equity to be raised will be the up to €27mln PLUS the equity to be contributed by private investors PLUS the contribution of the Manager.</p>
	<p>This is correct. Please further refer to Q2 above.</p>
Q5	<p>Please confirm that the legal structure of the Underlying Fund is a variable capital limited liability company with two segregated investment compartments (Acceleration and Venture Capital).</p>
	<p>As per the Call documentation:</p> <ul style="list-style-type: none"> - The <u>investment strategy</u> of the selected Underlying Fund(s) is expected to have distinct Acceleration and VC compartments. It is underlined that ‘In any case, a thorough due diligence process will be carried out by EIF, in accordance to its internal rules and procedures, for the selection of the best-fitted Financial Intermediary (-ies) to execute the intended strategies under the two compartments’. - Financial Intermediary means a financial institution, fund management company or other legal entity managing or advising an Underlying Fund responsible for providing the resources made available from the CEF to Final Recipients in accordance with this Agreement.

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	The Fund Manager will need to decide on and justify the legal structure of the Underlying Fund. Please further refer to Q3 above.
Q6	Please further clarify the reference to “limited partner” and “alignment tool” in Q20 of the Q&A.
	As regards ‘Limited Partner’, this is industry’s standard terminology. No guidance can be provided in this respect beyond what is written in the documentation of the Call. In terms of alignment of interest, the team is expected to invest an adequate minimum percentage alongside limited partners in the Underlying Fund in order to ensure that the manager shares the interests of the other investors when managing the Underlying Fund.
Q7	Please confirm that an applicant can include in its proposal resources provided by other natural or legal persons (for example, investment experts, fund administration, portfolio management, asset valuations). Moreover, please advise whether the applicant must include in the EoI package a declaration from such persons confirming their participation, or whether these will be provided at a later stage.
	The application needs to include information on the team members, members of the investment and advisory committees, details on how financial and reporting operations will be managed, etc., including all relevant resources to be used, as per the Call documentation. Declarations of participation from relevant persons / entities can be provided at a later stage. For the avoidance of doubt, please note that, in terms of the team itself, if the Applicant is not an established legal entity, the Expression of Interest documents should be signed by the team members who are expected to have ownership in the planned fund management company and carried interest rights in the planned fund at the time the application is submitted. It is underlined that the Fund Manager will be expected to take management and investment decisions independently, in particular without the influence of investors, sponsors or any other third party, which is not integrated in the structure.
Q8	Please advise whether the Underlying Fund can be an existing authorised AIF with multiple investment compartments and no prior investor subscriptions or usage of funds.
	Please refer to Q5 above.
Q9	Please advise whether the Underlying Fund must be «Authorised», taking into consideration that a «Registered» fund (“RAIF”), according to Article 139(1) of the AIF Law of 2018: a) is not authorised by CySEC; b) its units can be marketed with Professional and Well-Informed investors only; and, c) its registration in the RAIF Register is not equivalent to authorisation by CySEC.
	Please refer to Q3 above.