E&G ECONOMIDES LLC

FAMILY OFFICE
COMPARATIVE GUIDE

September 2025

1. MARKET SNAPSHOT

1.1 How embedded is the family office model in your jurisdiction? Describe its evolution to date.

The family office model in Cyprus is still emerging but is gaining momentum. Traditionally, high-net-worth individuals and families relied on a mix of law firms, accountants and corporate service providers rather than formal family offices. In recent years, demand for structured wealth management, succession planning and asset protection has led to a slow but steady rise in both single-family and multi-family offices.

The growth has been influenced by Cyprus's:

- strategic EU location;
- favourable tax regime; and
- appeal to foreign investors, especially through past schemes such as the Cyprus Permanent Residency Programme (PRP).

As there is no dedicated legal framework for family offices in Cyprus, most family offices operate through vehicles such as:

- private limited liability companies under the Companies Law (Cap 113); and
- Cyprus international trusts under the International Trusts Law (69(I)/1992).

As a common law jurisdiction, Cyprus offers a stable legal framework for business and wealth planning.

1.2 What types of families typically opt to set up a family office in your jurisdiction and what are the most common reasons for doing so? How has this changed over time?

In Cyprus, high-net-worth individuals and families are increasingly turning to the family office model, especially those with cross-border assets and multi-generational wealth. The trend includes a diverse mix, from established Cypriot business families focused on succession planning to foreign ultra-high-net-worth (UHNW) families from the Middle East, Eastern Europe and Asia seeking a secure EU base for wealth preservation.

In addition, Cyprus's PRP – which offers fast-track permanent residency to non-EU nationals who invest in Cypriot real estate or businesses – has attracted UHNW families, particularly from China, Russia and the Middle East. These families often seek to consolidate wealth in an EU jurisdiction.

While the initial appeal was Cyprus's favourable tax regime and asset-holding structures, motivations have broadened.

1.3 Who are the main providers of family office services in your jurisdiction? How has this changed over time?

In Cyprus, family office services were traditionally delivered in a non-centralised way by individual professionals such as:

- lawyers;
- accountants;
- tax advisers; and
- fiduciary firms.

High-net-worth individuals and families would engage multiple providers for legal, financial and administrative matters.

Over time, there has been a clear shift towards more structured solutions. As family needs have become more complex, many now prefer to work with providers offering centralised, long-term support.

Today, the following providers operate in the jurisdiction:

- single family offices;
- multi-family offices;
- concierge and lifestyle service firms;
- fiduciary service providers, as governed by the Fiduciaries Law (196(i)/2012).
- trust service providers;
- law firms and tax advisers;
- accountants and corporate service firms; and
- wealth and investment consultants.

1.4 Where are family offices typically located in your jurisdiction?

Family offices are mainly based in Limassol and Nicosia:

- Limassol has developed into the country's business centre in recent years, attracting wealth and professional services.
- Nicosia, as the capital, remains important due to its legal and administrative institutions.

However, a family office can be located anywhere on the island, depending on the family's preferences and lifestyle needs.

1.5 What is the general approach of the government towards family offices in your jurisdiction? Have any programmes, incentives or similar initiatives been launched to encourage families to establish family offices in your jurisdiction?

While there is no specific legal framework for family offices, the government takes a supportive approach aimed at attracting international wealth. Incentives include:

- a 12.5% corporate tax rate;
- tax exemptions for non-domiciled individuals;
- a stable regulatory environment; and
- full access to EU markets.

Families also benefit from Cyprus's broad double tax treaty network.

Another factor encouraging UHNW families to establish operations in Cyprus is the PRP, offering fast-track permanent residency to non-EU nationals through investment.

1.6 What industry codes of conduct, professional guidelines or similar govern family offices in your jurisdiction?

There is no dedicated regulatory framework for family offices. However, they must comply with general laws on:

- corporate governance;
- anti-money laundering; and
- taxation.

Professionals involved – such as lawyers, accountants and investment advisers – are regulated by their respective bodies, including:

- the Cyprus Bar Association;
- the Institute of Certified Public Accountants of Cyprus; and
- the Cyprus Securities and Exchange Commission (CySEC).
- CySEC supervision may apply where:
- a multi-family office provides regulated investment services; or
- the family office is structured through vehicles such as registered alternative investment funds or alternative investment funds, which are fund structures used for pooling and managing investments, both governed by the Alternative Investment Funds Law of 2018 (124(I)/2018).

2. FAMILY OFFICE MODELS

2.1 Which types of family office models are typically found in your jurisdiction (eg, single office; multi-office; virtual office)? What are the advantages and disadvantages of each?

The most common structures are single family offices (SFOs) and multi-family offices (MFOs). Virtual family offices are not yet widespread but may evolve as a flexible option.

SFOs offer a high degree of:

- privacy;
- control; and
- personalisation.

They are best suited for ultra-high-net-worth families but involve substantial setup and operational costs.

MFOs provide shared services to multiple families, allowing for cost efficiencies, access to specialised expertise and broader investment opportunities, but with reduced customisation and control compared to an SFO.

The main difference is as follows:

- An SFO serves one family only; and
- An MFO serves several families, sharing costs and resources but with less personalisation.
- The right setup varies with:
- each family's needs and resources; and
- the degree of control that they wish to retain.

2.2 What services do family offices typically provide in your jurisdiction? Do these vary depending on the type of model?

Most family offices primarily focus on investment-related services, such as managing:

- portfolios;
- private equity; and
- real estate.

Depending on the family's needs, they may also coordinate:

- succession planning;
- tax and legal structuring; and
- concierge or lifestyle support.

To deliver these services efficiently, families in Cyprus often set up a structure involving a trust, which holds a management company and one or more holding companies, each serving different purposes.

The management company typically handles:

- employment of staff;
- administration and internal operations;
- coordination of professional advisers (legal, tax, accounting); and
- day-to-day management and oversight.
- The holding company or companies are usually used for:
- managing investments;
- owning shares in private companies;
- holding real estate or other family luxury assets; and
- structuring asset protection and intergenerational planning.

The services and structure vary depending on the model.

In an SFO, the family creates and controls the entire setup. In contrast, an MFO may be an independent company that manages services for multiple families through its own internal structure. Families using an MFO generally do not establish separate entities to operate the office itself, though they may still hold assets through personal holding companies.

Where services such as investment advice or portfolio management are offered to third parties, licensing under the Investment Services and Activities and Regulated Markets Law of 2017 (87(I)/2017) may be required.

2.3 What key factors should a family consider in selecting the most appropriate model for their needs?

When selecting a family office model in Cyprus, families should consider:

- the level and complexity of their wealth;
- the desired degree of control and involvement;
- the costs of setup and ongoing operation;
- privacy and confidentiality expectations;
- the number of family members involved;
- long-term succession and governance needs; and
- tax and regulatory considerations.

Another factor could be whether the family wishes to avoid the need for regulatory authorisation (eg, from the Cyprus Securities and Exchange Commission).

3. OWNERSHIP STRUCTURES

3.1 What types of ownership structures are typically used for family offices in your jurisdiction? What are the advantages and disadvantages of each?

Ownership of a family office in Cyprus – particularly a single family office – is typically structured through one of the following options, depending on the family's priorities and scope:

- Direct ownership by a family member:
  - Advantages: Simple to set up and manage.
  - Disadvantages: Limited privacy, asset protection and succession flexibility.
- Cyprus international trust: The family office (often a private limited company) is held under a trust governed by the International Trusts Law (69(I)/1992).
  - Advantages: Strong confidentiality, asset protection and succession planning.
  - Disadvantages: Requires a Cyprus-resident trustee and proper compliance.
- Private trust company (PTC): A PTC is typically formed as a private limited company that acts solely as trustee for specific family trusts. As long as the PTC does not offer trustee services to the public, it does not require licensing.
  - Advantages: Offers greater family control than appointing third-party trustees.
  - Disadvantages: More complex and costlier to maintain.
- Company limited by guarantee/foundation:
  - Advantages: Used less frequently, mainly for non-commercial or philanthropic family offices.
  - Disadvantages: Cyprus allows the registration of foundations under the Associations and Foundations Law 2017 (104(I)/2017), but they are non-profit entities, so are not ideal for holding investments.

In most cases, the operational family office is typically set up as a private limited company, distinct from personal and business assets.

3.2 Are all of these structures available to families based outside the jurisdiction? If not, what options are available to them?

All main structures are available to non-resident families. A Cyprus international trust requires a Cyprus-resident trustee. To ensure tax residency for a Cyprus company:

- management and control should be in Cyprus; and
- local directors must be appointed.

Non-resident families establishing structures in Cyprus may also benefit from the non-domiciled tax regime, which exempts passive income (eg, dividends, interest) from taxation in Cyprus for a period of 17 years.

3.3 What key factors should a family consider in selecting the most appropriate ownership structure for their needs?

A key consideration is succession. Under Cypriot law, forced heirship rules apply only to individuals domiciled in Cyprus. Therefore, a non-domiciled individual already has freedom of disposition. However, many families still use a Cyprus international trust to centralise control.

Privacy is also important since direct ownership is visible in public records, while a trust or foundation offers more confidentiality. If the office serves other families, regulatory licensing (eg, under Cyprus Securities and Exchange Commission) may apply and should be considered at the structuring stage.

4. ESTABLISHMENT AND OPERATION

4.1 What formal and substantive requirements are required to establish a family office in your jurisdiction?

There are no formal legal requirements in Cyprus specifically for setting up a family office. Most are structured as private limited liability companies under the Companies Law (Cap 113), through an incorporation process that includes:

- submitting standard documents;
- appointing directors; and
- registering a local office.

The appointment of Cyprus-resident directors is essential and is strongly advised where the family office aims to benefit from Cyprus tax residency. However, fiduciary services, including trust and nominee activities, are also regulated.

There is no minimum capital requirement under Cyprus law, though in practice, the capital should reflect:

- the intended activities; and
- the scale of the office.

4.2 What are the typical costs involved in establishing and operating a family office in your jurisdiction? How do these vary depending on the chosen model and structure, and/or the services provided?

Setting up a private limited liability company – the most common vehicle for a family office – typically involves:

- incorporation fees;
- legal and advisory services; and
- initial administrative expenses.

These costs can range from €2,000 to €5,000, depending on:

- the complexity of the structure; and
- the professional services engaged.

Ongoing operational costs vary based on:

- the chosen model; and
- the complexity of the services provided.

These may include:

- office rental;
- salaries for professional staff;
- nominee director or shareholder fees; and
- outsourced services such as legal, tax, investment advisory and statutory audits.

As all Cyprus companies are subject to annual audit requirements, audit fees are a recurring cost to consider.

Where the family office provides regulated investment services, additional compliance costs may apply, including licensing with the Cyprus Securities and Exchange Commission (CySEC).

Generally, a multi-family office is more cost efficient than a single family office, as it benefits from shared infrastructure and professional resources.

4.3 What regulatory requirements apply to family offices in your jurisdiction? How do these vary depending on the chosen model and structure, and/or the services provided?

There is no single law in Cyprus that governs family offices as a distinct legal entity. Instead, a combination of Cypriot laws and EU regulations will apply, depending on:

- the structure adopted; and
- the nature of the services offered.

A single family office that serves only one family and does not offer services to third parties generally falls outside the scope of financial regulation. However, it must still comply with various legal obligations, including the following:

- Companies Law (Cap 113): Governs the incorporation, governance and reporting obligations of private limited companies;
- International Trusts Law of 1992 (69(I)/1992): Where the structure involves a Cyprus international trust.
- Prevention and Suppression of Money Laundering Activities Law of 2007 (188(I)/2007): Imposes anti-money laundering obligations on all legal entities and service providers.
- EU General Data Protection Regulation (GDPR): Applies to all entities processing personal data.
- Relevant tax and reporting laws: Including economic substance requirements, where applicable.

While no special licence is needed to operate a family office per se, regulatory authorisation by CySEC may be required if the office intends to provide regulated investment services, such as investment advice or portfolio management. In these cases, the office must be licensed as a Cyprus investment firm (CIF) under the Investment Services and Activities and Regulated Markets Law (87(I)/2017). CIF licensing brings additional obligations, including:

- minimum regulatory capital;
- internal compliance controls; and
- satisfaction of CySEC's 'fit and proper' criteria for directors and key personnel, which require:
  - relevant qualifications; and
  - professional experience.

4.4 What other concerns and considerations should be borne in mind in relation to the establishment and operation of family offices in your jurisdiction?

Families setting up a family office in Cyprus should carefully consider tax residency and substance requirements. To access Cyprus's corporate tax regime and treaty benefits, the family office must be effectively managed and controlled in Cyprus. This generally requires that:

- the majority of directors be Cyprus tax residents;
- board decisions be taken locally; and
- the office have a physical presence in Cyprus, such as:
  - staff;
  - premises; and
  - operational infrastructure.

Where a trust forms part of the structure, families should also consider that under the Cyprus trusts regime, at least one trustee must be a Cyprus tax resident.

5 GOVERNANCE

5.1 What key risks do a family office and family members face in your jurisdiction, and what processes, policies and procedures should be put in place to mitigate them?

A primary risk is non-compliance with anti-money laundering (AML) legislation. Cyprus has adopted strict AML laws aligned with EU directives and family offices should have internal AML policies in place which address:

- customer due diligence;
- record-keeping;
- monitoring of transactions; and
- clear reporting procedures.

Where the family office performs fiduciary, nominee or investment-related functions, it may be classified as an obliged entity under the Prevention and Suppression of Money Laundering Activities Law (188(I)/2007), requiring:

- the appointment of a compliance officer; and
- the implementation of formal AML procedures.

A breach of AML obligations can result in substantial fines and even criminal liability.

Cybersecurity and data protection are other areas of importance, since family offices handle sensitive personal and financial information, making them attractive targets for cybercrime.

Succession planning is also a key concern (see question 3.3). In Cyprus, the forced heirship regime may limit how part of an estate is distributed. Failure to plan appropriately can result in unintended outcomes.

5.2 What key documents (eg, family charter/value statement/mission statement) should guide the activities of the family office, and how should these be developed and updated?

While there are no specific documents or statements required by law for the operation of a family office in Cyprus, as a matter of good practice, families are advised to clearly define the roles and responsibilities of each member involved in the family office by establishing internal policies to guide:

- operations;
- succession planning; and
- wealth management.

These may take the form of informal governance frameworks or written policies developed with the support of trusted legal and financial advisers.

Depending on the structure, these internal policies may be established by a shareholders' agreement or trust deed.

5.3 How should the family office communicate and engage with key stakeholders (eg, family members; trusted advisers; the media)?

It is good practice to ensure clear, consistent communication with family members and trusted advisers. Roles should be defined, information shared regularly and confidentiality strictly maintained. Most families prefer to stay private and avoid media exposure, except in cases involving philanthropy or public investments.

5.4 How and by whom should oversight of the activities of the family office be exercised?

Under Cyprus company law, the directors of a company are responsible for its management and compliance. However, in a family office structure, the decision on how oversight is exercised ultimately rests with the family. Family members may choose to:

- oversee activities directly;
- appoint internal executives; or
- delegate this role to trusted professionals who act for the company or chosen structure.

5.5 What other concerns and considerations should be borne in mind in relation to the operation of the family office from a governance perspective?

It is good practice for a family office to establish:

- clear internal procedures for conflict resolution; and
- basic risk management policies to monitor financial and operational risks.

Families may also benefit from adopting a family constitution which could outline:

- shared values;
- defined roles; and
- structured mechanisms for resolving disputes internally before further escalation.

6. FAMILY OFFICE ACTIVITIES

6.1 What specific concerns and considerations should be borne in mind in relation to the following activities of family offices in your jurisdiction? (a) Investment and wealth management; (b) Tax management; (c) Succession planning; (d) Estate planning; (e) Management of real estate; (f) Management of luxury assets (eg, private jets; yachts; art collections); (g) Reputational management; (h) Education and development of upcoming generations; (i) Hiring and management of staff (eg, domestic, PAs, security, other); and (j) Other

(a) Investment and wealth management

Investment and wealth management activities should be assessed to determine whether they fall within the Cyprus Securities and Exchange Commission's regulatory scope, particularly when third-party assets are involved. Services such as portfolio management, investment advice or the receipt and transmission of orders typically trigger licensing obligations.

However, even where licensing is not required, compliance with tax, anti-money laundering and reporting obligations remains essential.

(b) Tax management

Effective tax management requires proper structuring to ensure tax residency in Cyprus and access to its favourable tax regime. This includes:

- demonstrating management and control in Cyprus; and
- meeting substance requirements.

Cross-border income, reporting obligations and risks of double taxation should be carefully assessed.

The involvement of experienced tax specialists and legal advisers is essential.

(c) Succession planning

It is essential to consider Cyprus's forced heirship rules, which apply to individuals domiciled in Cyprus and limit how part of their estate can be distributed. This may affect who inherits shares in the family office.

To avoid these limitations and consolidate long-term family control, many families – especially those not domiciled in Cyprus – use Cyprus international trusts (CITs).

Succession planning can be complex and time consuming. A legal expert should always be consulted.

(d) Estate planning

See question 6.1(c).

Estate planning often uses holding companies to consolidate family assets and preserve control across generations.

(e) Management of real estate

See question 6.1(f).

(f) Management of luxury assets (eg, private jets; yachts; art collections)

Real estate and luxury assets are commonly held through Cyprus holding companies or trusts. These assets may trigger reporting, value-added tax or customs obligations depending on their use and location.

(g) Reputational management

Engaging in philanthropic activities can help the family and its office to strengthen their public image. Especially in Cyprus, where communities are small and well connected, positive actions can quickly enhance local perceptions.

(h) Education and development of upcoming generations

While not commonly structured, some family offices may opt to engage education consultants or establish specific programmes to prepare heirs for future responsibilities.

(i) Hiring and management of staff (eg, domes-

tic, PAs, security, other)

Hiring and managing staff requires compliance with Cyprus employment laws, including provisions relating to:

contracts;

- working hours;
- social insurance contributions; and
- minimum wage requirements.

If foreign staff are employed, immigration and work permit rules must also be followed.

(j) Other

Other activities may include cyber risk protection and coordination with global advisers, depending on the family's complexity and needs.

7. PHILANTHROPY AND ESG

7.1 What forms does philanthropy typically take in your jurisdiction? What are the advantages and disadvantages of each?

Philanthropy in Cyprus typically takes the form of:

- charitable foundations;
- donations to registered non-governmental organisations (NGOs); or
- trusts set up for charitable purposes.

Foundations are governed by the Associations and Foundations Law (104(I)/2017) and must:

- be registered with the Registrar of Associations;
- be non-profit in nature; and
- comply with reporting and oversight obligations.

Foundations offer more control and continuity but require financial reporting and oversight.

Direct donations are simpler but offer less long-term engagement or control.

7.2 How embedded is impact investing in your jurisdiction? What key concerns and considerations should be borne in mind in this regard?

Impact investing is still at an early stage in Cyprus but is gradually gaining attention, particularly in sectors such as renewable energy and education. While not yet widely adopted by family offices, interest is increasing among younger generations.

There is currently no dedicated legal framework for impact investing in Cyprus.

7.3 In what ways is the environmental, social and governance (ESG) agenda shaping the activities of family offices in your jurisdiction? What key concerns and considerations should be borne in mind in this regard?

ESG remains a relatively new concept in Cyprus, but interest is growing, especially among younger family members influenced by global trends. Some family offices are starting to factor ESG into their investment decisions.

7.4 What other concerns and considerations should be borne in mind in relation to philanthropy and ESG in your jurisdiction?

Proper tax benefits require accurate registration and supporting records. As ESG remains a developing area in Cyprus, families should ensure that any claims or disclosures about impact are well founded.

Donations must be made to recognised charities or NGOs registered in Cyprus and proper records must be maintained.

8. TALENT ACQUISITION AND RETENTION

8.1 What key personnel does a family office require for its smooth operation? How does this vary depending on the chosen model and structure, and/or the services provided?

The personnel required will depend on the structure and services of the family office. A simple setup may only need administrative and external legal and financial staff. A more complex structure – especially one managing significant assets or structured as a registered alternative investment fund or alternative investment fund – will require professionals with proven experience. In such cases, directors must meet the 'fit and proper' criteria under the Cyprus Securities and Exchange Commission rules, which require:

- relevant academic qualifications;
- professional competence; and
- a clean regulatory record.

Typically, key personnel may include:

- a chief executive officer;
- a chief financial officer;
- legal counsel;
- investment managers or advisers;
- tax specialists; and
- anti-money laundering/compliance officers.

Depending on the family office's focus, additional roles may include:

- a property manager; or
- a risk officer.

For families requiring lifestyle or succession planning support, concierge staff or education advisers may also be required.

8.2 What are the optimal strategies for attracting talent to a family office in your jurisdiction? What key concerns and considerations should be borne in mind in this regard?

In Cyprus, attracting talent to a family office can be challenging, as many professionals are more familiar with larger corporate environments. Family offices are usually smaller and more private, so it helps to highlight the unique benefits that they offer. These can include:

- flexibility;
- direct involvement in decision-making; and
- better work-life balance.

The younger workforce in Cyprus is driven by incentives. Carried interest (employee) schemes, hybrid and flexible working arrangements are often key factors in attracting and retaining talent.

8.3 Do family members typically assume official positions in family offices in your jurisdiction? What key concerns and considerations should be borne in mind in this regard?

Yes, family members in Cyprus often hold official roles in family offices, particularly in smaller setups, to maintain control and align with family goals. However, roles should be clearly defined and drafted from the start to prevent conflict.

8.4 What other key concerns and considerations should be borne in mind concerning the attraction and retention of talent in family offices in your jurisdiction?

Under Cyprus law, a written employment agreement must include essential terms such as:

- duties;
- salary;
- working hours; and
- leave.

Family offices must also:

- register as employers with the Social Insurance Services; and
- report all new hires accordingly.

The employer is responsible for making mandatory contributions to the social insurance and healthcare system. These obligations apply regardless of the size and structure of the family office.

9. DISPUTE RESOLUTION

9.1 In which forums are family disputes typically resolved in your jurisdiction? What issues do these disputes typically involve?

In Cyprus, family disputes are typically resolved through the district courts, which have jurisdiction over civil matters, including inheritance, trust and company-related disputes.

Common issues include:

- disputes over succession or inheritance of shares in the family office;
- disputes related to the management or operation of the family office; and
- trust-related claims or disagreements over asset distribution.

Mediation is now being used more often to resolve such disputes privately and efficiently, especially when confidentiality must be preserved.

9.2 What specific considerations and concerns should be borne in mind in relation to the resolution of family disputes in your jurisdiction?

Considerations that should be kept in mind include the following:

- Court proceedings are public. Families may opt for mediation or arbitration to protect privacy.
- If assets or family members are located abroad, conflict of laws and forum selection issues may arise.
- Court processes can be lengthy and expensive. Alternative dispute resolution is often advisable.

Cyprus's recent civil procedure reforms have also expanded access to alternative dispute resolution and in some matters pre-trial mediation is now required.

9.3 What specific considerations and concerns should be borne in mind where family disputes involve international aspects?

EU regulations and private international law apply to determine jurisdiction and the applicable law.

Key concerns include:

- conflict of laws between jurisdictions;
- forum selection and potential forum shopping; and
- recognition and enforcement of foreign judgments in Cyprus, which can be lengthy.

10. CESSATION OF ACTIVITIES

10.1 Under what circumstances might a family decide to cease the activities of its family office in your jurisdiction? What key concerns and considerations should be borne in mind in this regard?

The reasons why a family may decide to cease operating a family office in Cyprus include:

- a transition to a multi-family office model abroad;
- internal disputes affecting the operation of the family office;
- high operational or administrative costs; or
- a strategic move to a jurisdiction with more favourable conditions (regulatory, tax or lifestyle).

Where the family office operates as a Cyprus company, formal dissolution procedures must be followed under the Companies Law. These typically involve:

- voluntary liquidation;
- the appointment of a liquidator; and
- the settlement of all liabilities.

The company must also be deregistered with the Registrar of Companies.

11. TRENDS AND PREDICTIONS

11.1 How would you describe the current family office landscape and prevailing trends in your jurisdiction? Are any new developments anticipated in the next 12 months, including any proposed legislative reforms that may affect the operation of family offices?

Family offices in Cyprus are becoming popular due to the country's favourable tax regime. Non-dom tax status is particularly attractive, offering exemptions from taxation on dividends and passive interest income for up to 17 years.

Ongoing discussions suggest there may be potential amendments to the non-dom regime. Proposals include the possible extension of the 17-year non-dom status duration through an annual fee.

Another anticipated change involves broadening the 60-day tax residency rule. Under the proposal, individuals whose centre of business interests is in Cyprus could qualify as tax residents even with a limited physical presence on the island.

These potential changes reflect Cyprus's efforts to remain competitive in attracting international high-net-worth individuals and family offices and are expected to make Cyprus more appealing as a jurisdiction.

12. TIPS AND TRAPS

12.1 What are your top tips for the smooth operation of family offices in your jurisdiction and what potential sticking points would you highlight?

The success of a family office in Cyprus depends on:

- proper structuring;
- the expertise of professionals involved; and
- ongoing compliance.

It should be built on a legal and operational framework that reflects the family's long-term objectives. This framework should not remain static – it should be reviewed periodically to ensure that it aligns with changes in family circumstances.

Key practices to ensure smooth operation include:

- maintaining clear and updated internal policies;
- defining roles and responsibilities of the family members and professionals involved;
- ensuring compliance with anti-money laundering and tax obligations;
- implementing a practical dispute resolution mechanism;
- assessing from the outset whether any services offered may constitute regulated investment activities, requiring Cyprus Securities and Exchange Commission authorisation;
- establishing local substance; and
- implementing an exit or restructuring strategy.

Potential traps may include:

- poor governance and lack of clarity in decision-making;
- non-compliance with regulatory or tax requirements;
- inadequate succession planning; and
- internal disagreements which affect the management and the smooth operation of the family office.

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