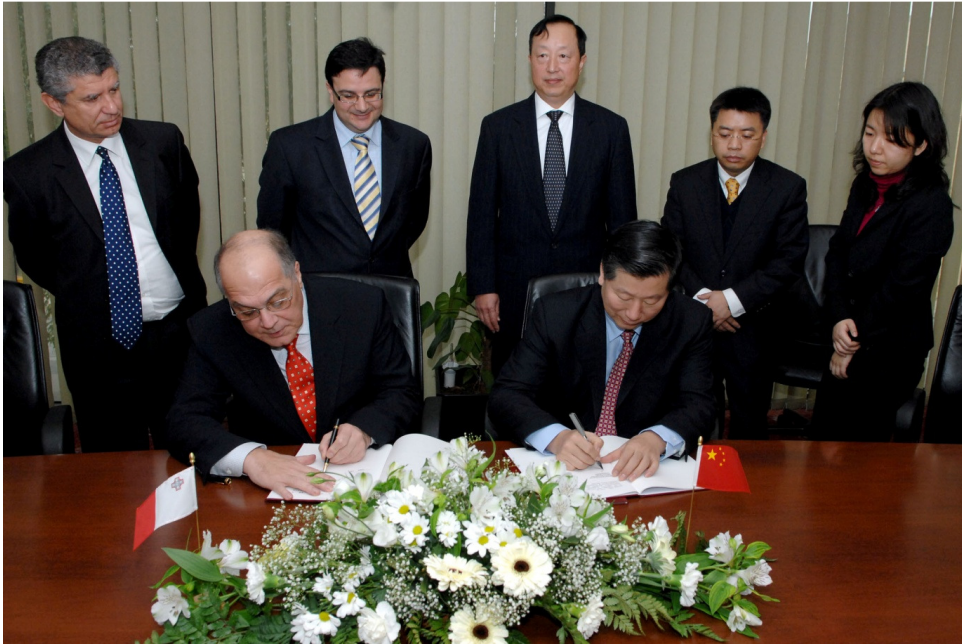


Media Release

Malta and China Strengthen Relations in Financial Services Regulation



Prof Joe V. Bannister, Chairman of the MFSA, and Mr Shang Fulin, Chairman of the CSRC signing the MoU, witnessed by left to right: Dr David Fabri, Director MFSA, Hon. Minister Tonio Fenech, H.E the Ambassador Mr Zhang Keyuan and Mr Tong Daochi Director-General, Department of International Affairs (CSRC).

The Malta Financial Services Authority (the "MFSA") and the China Securities Regulatory Commission (the "CSRC") have signed a Memorandum of Understanding ("MoU") to protect and promote the development of the securities markets by providing a framework for co-operation, increased mutual understanding and the exchange of information, to the extent permitted by the laws and regulations in force in Malta and the People's Republic of China. The agreement was signed in Malta by Prof Joe V. Bannister, Chairman of the MFSA, and Mr Shang Fulin, Chairman of the CSRC, during a short ceremony presided by Finance Minister Tonio Fenech. The CSRC is the state agency of the Securities Policy Committee of the State Council of the People's Republic of China and is responsible for the supervision and regulation of national securities and futures markets in the China.

The signing of the MoU is the result of negotiations started in 2008 and places Malta's funds industry at the same level with the major fund domiciles particularly in the European Union. It will most importantly facilitate business for financial institutions doing business between the two countries. A similar agreement with the China Banking Regulatory Commission (the "CBRC") is expected to be signed shortly.

As result of the signing of the MoU, Chinese Qualified Domestic Institutional Investors (“QDII”) are able to invest on behalf of Chinese investors into Malta domiciled investment funds (Professional Investor Funds and UCITS funds) regulated by the MFSA, thereby opening up MFSA regulated funds to one of the world's largest pools of private capital. The QDII scheme permits Chinese domiciled investors to invest in foreign securities markets via certain fund management institutions, insurance companies, securities companies and other asset management institutions which have been approved by the CSRC as QDII's. The QDII scheme, introduced in June 2006, allows Chinese domiciled institutions and residents to invest with Chinese commercial banks and these entities then invest in overseas financial products. The stocks or investment funds in which a QDII invests must be listed on a stock exchange or regulated by a regulatory authority that has signed a MoU with the CSRC.

Companies licensed by the MFSA will also be able to access the Chinese Qualified Foreign Institutional Investor (“QFII”) status and invest directly in China. The QFII scheme permits qualified foreign investors to invest in the China A share market under certain foreign exchange flow and disclosure requirements. The major institutions that are permitted to apply to be a QFII include fund management companies, insurance companies, securities firms and commercial banks with qualifications prescribed by the CSRC and the other relevant regulators. Upon the approval by the CSRC, a QFII is granted an investment quota by the State Administration of Foreign Exchange (“SAFE”) and, after selecting a Chinese custodian bank and one or more local brokers, may place orders to buy and sell stock in the China A share market. The investment scope of a QFII extends to treasury bonds, convertible bonds, corporate bonds, warrants and other financial products approved by the CSRC.

The signing of the MOU is an important development for the Maltese financial services sector. It will provide a huge benefit for the funds industry and will be an important factor for promoters selecting Malta to domicile their funds.

**Issued by the Information Office
Malta Financial Services Authority
26 January 2010
MFSA MR 06/2009**