



INVESTMENT SERVICES RULES

FOR

ALTERNATIVE INVESTMENT FUNDS

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INVESTMENT SERVICES RULES FOR ALTERNATIVE INVESTMENT FUNDS

INTRODUCTION

These Investment Services Rules have been issued in terms of Article 6 of the Investment Services Act, 1994 and set out MFSA's regulatory regime applicable to Collective Investment Schemes set up as Alternative Investment Funds.

These Rules transpose and implement:

- i. Certain provisions of the Directive of the European Parliament and of the Council of 8th June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulation (EC) No 1060/2009 and (EU) No 1095/2010;
- ii. Certain provisions of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision;
- iii. Certain provisions of the Commission Implementing Regulation (EU) establishing the procedure for AIFMD which choose to opt-in under Directive 2011/61/EU of the European Parliament and of the Council;
- iv. Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013 on European Venture Capital Funds; and
- v. Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013 on European Social Entrepreneurship Funds.
- vi. CESR's Guidelines on a common definition of European Money Market Funds [CESR/10-049] as amended by the opinion published by ESMA on 22 August 2014 [ESMA/2014/1103] with respect to the assessment of credit quality of money market instruments.

These Rules also implement the various Guidelines and Recommendations issued by ESMA at Level III.

Alternative Investment Funds whether externally managed or self-managed shall also be expected to comply with the provisions of the Corporate Governance Manual for Directors of Investment Companies and Collective Investment Schemes which has been issued by the Authority.

These Rules shall apply to:

- [I] AIFs which are managed by an external AIFM which is authorised in terms of Alternative Investment Fund Managers Directive.
- [II] Self-managed AIFs which are subject to the Alternative Investment Fund Managers Directive.

These Rules are divided in the following sections:

Part A: The Application Process

This Part provides:

- i. a detailed description of the Application Process and includes as Schedules, the relevant Application Documents for an AIF Licence;
- ii. an outline of the licensing requirements applicable to Alternative Investment Funds in terms of the Investment Services Act, 1994;
- iii. a non-exhaustive list of documents to be submitted by an applicant in support of an application for a Collective Investment Scheme Licence;
- iv. the requirements applicable for the licensing of additional sub-funds within an existing umbrella Scheme; and
- v. the requirements applicable for the approval of additional classes of shares of an existing Scheme (which classes of shares do not constitute one or more sub-funds).

Part B: Standard Licence Conditions

Part B outlines the SLCs applicable to all AIFs. In particular Sections 1 to 7 of Part B are applicable to all AIFs whether these are third party managed or self-managed. Section 8 of Part B provides the additional conditions which are applicable exclusively to self-managed AIFs.

Other Investment Services Rules issued by the MFSA in terms of the Investment Services Act, 1994

The MFSA has also issued:

i. Investment Services Rules for Investment Services Providers.

The Investment Services Rules for Investment Services Providers set out MFSA's regulatory regime applicable to Investment Services Licence Holders, including MiFID Firms, UCITS Management Companies, Alternative Investment Fund Managers (AIFMs) and Custodians. They also include the Rules which are applicable to European Investment Firms establishing a Branch in Malta and to European Management Companies which provide services in Malta, on a cross border basis in terms of the passporting provisions set out in the MIFID, UCITS Directive and AIFMD.

ii. Investment Services Rules for Recognised Persons and Private Retail Collective Investment Schemes.

These Investment Services Rules set out MFSA's regulatory regime applicable to Recognised Persons, namely Recognised Fund Administrators, Recognised Private Collective Investment Schemes and Recognised Incorporated Cell Companies.

iii. Investment Services Rules for Retail Collective Investment Schemes.

The Investment Services Rules for Retail Collective Investment Schemes set out the MFSA's regulatory regime applicable to Retail Collective Investment Schemes. These Rules include the Standard Licence Conditions applicable to Maltese Non-UCITS and Maltese UCITS Collective Investment Schemes respectively.

iv. Investment Services Rules for Professional Investor Funds.

These Investment Services Rules set out MFSA's regulatory regime applicable to Collective Investment Schemes set up as Professional Investor Funds and provide for three principal classes of Professional Investor Funds:

- PIFs promoted to Experienced Investors (or Experienced Investor Funds);
- PIFs promoted to Qualifying Investors (or Qualifying Investor Funds); and
- PIFs promoted to Extraordinary Investors (or Extraordinary Investor Funds).