

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

Circular addressed to the investment services industry regarding amendments to the Investment Services Rules for Investment Service providers

The MFSA has effected some amendments to the Investment Services Rules for Investment Services Licence Holders (“the Rules”) issued in terms of Article 6 of the Investment Services Act, 1994. The amendments related to Part A of the Rules relating to the appointment of a Money Laundering Reporting officer and to the replacement of Annex IV to reflect a revised subordinated Loan Agreement.

A. Amendments to Part A of the Investment Service Rules for Investment Services Providers.

Section 5.2 of Part A of the Rules has been slightly amended to refer to the Implementing Procedures issued by the Financial Analysis Intelligence Unit in terms of the provisions of the Prevention of Money Laundering and Funding of Terrorism Regulations.

The new amendments also require any suspicious transactions to be reported directly to the FIAU and should not be copied to the MFSA.

B. Revised Subordinated Loan Agreement

In terms of Section 4.1.2 (B) of Appendix 1 to the Rules, a subordinated loan qualifies as Lower Tier Two Capital. In this respect, the Authority has revised the Subordinated Loan Agreement template set out in Annex IV to Appendix 1 of the Rules.

The updated document replaces the previous version of the respective Subordinated Loan Agreement template. Subordinated loans must be approved by the MFSA and must be in the revised form set out in the revised Annex IV.

Licence Holders should first submit a subordinated loan agreement in draft format, in order to be vetted by the Authority prior to the submission of the final draft. When submitting the final draft of the subordinated loan agreement, the parties to the agreement should initial every page besides signing on the last page.

Contacts

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Malta Financial Services Authority

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