



During a visit in Malta earlier this month, EU Justice Commissioner Věra Jourova met MFSA's CEO Mr Joseph Cuschieri. In a tweet following the conclusion of the meeting, Mr Cuschieri remarked: "Had the pleasure of meeting @VeraJourova during her visit in #Malta to talk about the MFSA's supervisory approach and how closer collaboration at EU level can achieve common goals in the fight against money laundering and criminal activity"

## Ms Danièle Nouy, Chair of the ECB Supervisory Board, visits MFSA

The Chair of the Supervisory Board of the European Central Bank, Ms Danièle Nouy met a number of officials from the Authority in a visit at the MFSA. Ms Nouy was in Malta as part of a regular follow-up on the implementation of the Single Supervisory Mechanism (SSM). Ms Nouy also met with a number of officials from the Maltese banking sector.

The Supervisory Board's mandate is to plan and carry out the ECB's supervisory tasks, undertake preparatory work, and propose complete draft decisions for adoption by the ECB's Governing Council. The aim of her visit to Malta is to address MFSA staff who would be directly or indirectly involved within the wider SSM



*Ms Danièle Nouy addressing banking sector officials*

### ***What's Inside This Issue:***

**Ms Danièle Nouy, Chair of the ECB Supervisory Board, visits MFSA | Submission of Beneficial Ownership information of Trusts | Guidelines on certain aspects of the MiFID II Suitability requirements | Joint ESMA and EBA Statement on the treatment of retail holdings of debt financial instruments subject to the Bank Recovery and Resolution Directive | MFSA Thinks Green!**

processes and procedures and to develop a sense of unity and community of interest within the SSM.

Throughout this visit, a number of MFSA officials had the opportunity to discuss with Ms Nouy a number of issues related to the financial services industry, the developments in banking legislation and regulation, as well as recent developments taking place in the Eurozone and in the SSM.

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## Submission of Beneficial Ownership information of Trusts

Reference is made to the Trusts and Trustees Act (Register of Beneficial Owners) Regulations, 2017, which were published on 20<sup>th</sup> December 2017 by virtue of [Legal Notice 373 of 2017](#). These regulations are aimed at implementing the relevant provisions on beneficial ownership information, including the register of beneficial owners, emanating from article 31 of Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing ("4th AMLD"), in so far as they are applicable to trusts and trustees.

The Authority would like to advise that it will shortly be launching an online system for Trustees to submit the relevant data for each trust falling under the Regulations electronically. However, in view of the impending deadlines for the submission of the relevant beneficial ownership information of trusts, kindly note that as an interim measure, a form in excel format has been uploaded on the MFSA website and can be accessed at this [link](#). In order to comply with the requirements set out in the Regulations, trustees may therefore complete this form electronically and send a scan of the signed form by e-mail, on [trustsboregister@mfsa.com.mt](mailto:trustsboregister@mfsa.com.mt), **and the originally signed form to the MFSA in a sealed envelope, addressed to the attention of The Director, Conduct Supervisory Unit**, and clearly labelled as Confidential. The envelope should include an indication of the number of forms contained therein. The Authority advises trustees to take all the necessary measures to ensure the safe receipt of the relevant forms due to the highly sensitive nature of the data, and possibly to consider delivering such forms by hand. It should be noted that the said form reflects the data which will eventually also need to be inputted into the online system.

The Authority has also published [Guidelines \(FAQs\)](#) in order to assist trustees in the completion of the relevant form, and these are also available on the MFSA website. The said guidelines will also apply to the submission of beneficial ownership information for trusts on the online system, once this goes live.

In case of queries regarding the subject matter of this circular, you are kindly requested to contact the Conduct Supervisory Unit on: [trustsboregister@mfsa.com.mt](mailto:trustsboregister@mfsa.com.mt)

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## Guidelines on certain aspects of the MiFID II Suitability requirements

The European Securities and Markets Authority (ESMA) has published its Final Report on Guidelines on certain aspects of the MiFID II Suitability Requirements.

The assessment of suitability is one of the most important requirements for investor protection in the MiFID framework. It applies to the provision of any type of investment advice, whether independent or not, and portfolio management. Investment firms providing investment advice or portfolio management are required, under Article 25(2) of MiFID II and Articles 54 and 55 of the MiFID II Delegated Regulation, to provide suitable personal recommendations to their clients or to make suitable investment decisions on behalf of their clients.

The Guidelines in the Final Report on Guidelines on certain aspects of the MiFID II Suitability Requirements build on

the text of ESMA's 2012 MiFID I guidelines on suitability, which have been largely confirmed and broadened in order to:

- consider technological developments of the advisory market notably the increasing use of automated or semi-automated systems for the provision of investment advice or portfolio management (robo-advice);
- build on NCAs' supervisory experience on the application of suitability requirements (including the 2012 guidelines);
- take into account the outcome of studies in the area of behavioural finance; and
- provide additional details on some aspects that were already covered under the 2012 guidelines.

The Guidelines, by supporting a consistent and harmonised application of the requirements in the area of suitability, will ensure that MiFID II's objectives are achieved.

### ***Sustainable Finance***

Following the publication of the original Consultation Paper (CP), the European Commission (EC) published its Action Plan on sustainable finance. In the Action Plan, the EC stated that "[...] firms should ask about their clients' preferences (such as environmental, social and governance factors) and take them into account when assessing the range of financial instruments and insurance products to be recommended, i.e. in the product selection process and suitability assessment."

ESMA has included, pending changes to the legal framework, good practice guidance for firms addressing this issue. The good practice will contribute to raising firms' and supervisors' attention and awareness of this issue. ESMA will monitor the legislative proposals under the EC action plan and will consider making focused amendments to the guidelines to reflect changes to the MIFID II delegated acts on this topic.

The Conduct of Business Rulebook will be amended in due course in order to reflect the above referred guidelines.

For any queries regarding the above, please do not hesitate to contact: Dr Sarah Pulis, Senior Manager – Conduct Supervisory Unit, Tel 25485232; spulis@mfsa.com.mt; Ms Sara Antonia Magri, Analyst – Conduct Supervisory Unit, Tel: 25485250; samagri@mfsa.com.mt.

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## **Joint ESMA and EBA Statement on the treatment of retail holdings of debt financial instruments subject to the Bank Recovery and Resolution Directive**

The MFSA has issued a [Circular](#) to investment Firms and Credit Institutions when selling bail-in securities, with regards to a joint ESMA and EBA Statement on the treatment of retail holdings of debt financial instruments subject to the Bank Recovery and Resolution Directive .



In June 2016, MFSA had issued a circular on ESMA's Statement - MiFID practices for firms selling financial instruments subject to the BRRD resolution regime. By way of a follow-up, the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA) are issuing an updated Statement to examine the treatment of retail holders of debt financial instruments in the context of the Bank Recovery and Resolution Directive (BRRD, Directive 2014/59/EU) and the Markets in Financial Instruments Directive (MiFID II, Directive 2014/65/EU and its implementing measures).

The Statement notes that the issue of retail holders of debt financial instruments remains significant in view of the fact that retail investors still hold an important part of EU debt securities issued by institutions. In this regard, the Statement highlights that it is important that retail investors understand the risks inherent in their investments in debt liabilities issued by institutions.

The Statement cautions that in cases of resolution, particular care should be taken in the implementation of the bail-in due to the fact that retail customers may be holders of the institution's debt liabilities which would be subject to loss sharing as part of the resolution process.

### **MiFID II updates**

On 3 January 2018, MiFID II has entered into application. This Directive includes a number of new provisions aiming to strengthen investor protection. Some of these requirements are particularly relevant to the cases related to retail investors purchasing instruments eligible for bail-in. In order to ensure that products are distributed to clients with whom they are compatible, it is essential that the strengthened investor protection framework be properly implemented by investment firms and enforced by authorities. Particularly relevant are the new MiFID II requirements on (i) product governance; (ii) sale of complex debt instruments; (iii) disclosure; (iv) provision of advice; and (v) assessment of suitability. These issues are all featured in more detail in the Statement.

The Statement also addresses the manner in which existing MiFID II disclosure requirements should be applied by institutions which have issued and/or are about to issue bail-inable securities to existing investors in order to mitigate the impact on retail investors of an institution's failure.

For any queries regarding the above, please do not hesitate to contact: Dr Sarah Pulis, Senior Manager – Conduct Supervisory Unit, Tel 25485232; [spulis@mfsa.com.mt](mailto:spulis@mfsa.com.mt); Ms Sara Antonia Magri, Analyst – Conduct Supervisory Unit, Tel: 25485250; [samagri@mfsa.com.mt](mailto:samagri@mfsa.com.mt).

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## **MFSa Thinks Green!**

Management and staff at the Malta Financial Services Authority have taken a strong commitment towards deploying environmentally friendly practices, taking a number of initiatives to ensure a cleaner, healthier and more sustainable workplace, while reducing as much as possible any negative impact on the external environment.

Major structural changes included the installation of 168 photovoltaic panels on the roof, through the support of funding through the European Regional Development Fund, which generate around 10% of energy consumed, the installation of energy efficient chillers, LED lighting and energy efficient workstations, as well as the procurement of environmentally friendly printing paper made from 100% recovered paper fibres.

In addition to that, management and staff play their part in being social responsible, and are committed in fighting single-use plastic that is destroying our oceans and other land habitats. Over the past few days, the Think Green initiative was launched, featuring important changes such as the replacement of plastic cups with glass tumblers,



reducing the hefty environmental impact of some 50,000 plastic cups a year.

Moreover, new banks of colour-coded, waste-separation bins were installed around the premises and thanks to the continuous effort and cooperation by MFSA staff, this initiative has been a great success. The MFSA looks forward to continue thinking green, building on these initiatives to continue achieving a lighter ecological footprint and a healthier and more productive place of work.

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## MFSA Circulars

05/06/2018 - [Circular: ESMA Q&As on Product Intervention Measures](#)

05/06/2018 - [Circular on the European Market Infrastructure Regulation \('EMIR'\)](#)

06/06/2018 - [Circular to the financial services industry on Regulation \(eu\) no 909/2014 of the Central Securities Depository Regulation \('CSDR'\)](#)

06/06/2018 - [Circular on the proposed amendments to the Pension Rules issued under the Retirement Pensions Act pursuant to the MFSA Consultation of 6th December 2017](#)

20/06/2018 - [Guidelines on certain aspects of the MiFID II Suitability requirement](#)

20/06/2018 - [Joint ESMA and EBA Statement on the treatment of retail holdings of debt financial instruments subject to the Bank Recovery and Resolution Directive](#)

21/06/2018 - [Temporary Period for LEIs to End on the 2nd July 2018](#)

21/06/2018 - [Circular addressed to Trustees Authorised in terms of Article 43 or Registered in terms of Article 43B of the Trusts and Trustees Act](#)

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## MFSA Media Releases

15/06/2018 - [MFSA Thinks Green](#)

30/06/2018 - [MFSA recommends to the ECB, the Withdrawal of Pilatus Bank's Licence](#)

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## MFSA Warnings

Foreign warnings received by MFSA can be viewed on [MFSA Website / Announcements / Warnings](#)

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## European Supervisory Authorities' Announcements

25/06/2018 - [EBA publishes Opinion to hasten financial institutions preparations for Brexit](#)

28/06/2018 - [EIOPA Calls upon National Supervisory Authorities to remind Insurers of their duty to inform Customers about the impact of the withdrawal of the United Kingdom from The European Union](#)



## MFSa Licences – June 2018

### New Licences

#### Collective Investment Schemes

##### *Professional Investor Funds targeting Qualifying Investors*

- Collective Investment Scheme licence issued to **Top Selection Fund SICAV plc** (“the Scheme”) in respect to one sub-fund.
- Collective Investment Scheme licence issued to **Amergeris Wealth Management SICAV plc** (“the Scheme”) in respect to one sub-fund.

##### *Notified Alternative Investment Funds targeting Professional and Qualifying Investors*

- **OMP SICAV plc** included in the List of Notified AIFs in terms of Regulation 6 of the Investment Services Act (List of Notified AIFs) Regulations 2016

#### Company Service Providers

- Registration certificate issued to **Quaestum Corporate Management Limited**.
- Registration certificate issued to **Solon Director (Malta) Limited**.
- Registration certificate issued to **Leo Services (Malta) Limited**.
- Registration certificate issued to **Stravi Management Limited**.

#### Securitisation Vehicles

##### *Notified Securitisation Vehicles*

- Acknowledgement issued to **AddValue Securities SCC P.L.C.**
- Acknowledgement issued to **Innovatio Risk Solutions Limited**.

#### Pensions

##### *Personal Retirement Scheme*

- Registration of **Azure Retirement Benefit Scheme** as a Personal Retirement Scheme in terms of Article 4 of the Retirement Pensions Act.

##### *Custodians*

- Registration of **Swissquote Financial Services (Malta) Ltd** to act as a Custodian under the Retirement Pensions Act.

#### Investment Services

- Category 2 licence issued to **Atlington Capital Management Limited**.

**Surrendered Licences****Collective Investment Schemes***Professional Investor Funds*

- Surrender of licence issued to **Magiston Funds SICAV plc** ("the Scheme") in respect of one sub-fund.
- Surrender of licence issued to **Woodman Funds SICAV plc** ("the Scheme") in respect of one sub-fund.
- Surrender of licences issued to **Catey Investments (SICAV) plc** ("the Scheme") in respect of two sub-funds.

*Alternative Investor Funds*

- Surrender of licence issued to **Novia Funds SICAV plc** ("the Scheme") in respect to its only sub-fund.

**Investment Services**

- Surrender of Category 1A licence issued **Paladin Securities Ltd.**
- Surrender of Category 2 licence issued **Novia Management Ltd.**

**Company Service Providers**

- Voluntarily cancellation of the registration issued to **War Chest Corporate Services Limited.**

**Registry of Companies - New Registrations – June 2018**

Companies	Partnerships
362	3



Training by members of the ECC:

- [Malta International Training Centre](#)
- [Malta Institute of Accountants](#)
- [Malta Stock Exchange Institute \(MSEI\)](#)
- [Institute of Financial Services](#)
- [Institute of Legal Studies](#)
- [Institute of Financial Services Practitioners](#)
- [Malta Institute of Management](#)
- [Castille Institute](#)
- [PricewaterhouseCoopers](#)
- [Malta College of Arts, Science and Technology \(MCAST\), Institute of Business & Commerce](#)
- [The Department of Banking & Finance, Faculty of Economics, Management & Accountancy, The University of Malta](#)

Communications to be addressed to:

*The Secretary, Educational Consultative Council, MFSa, Notabile Road, Attard.*



*A portal of financial information from the regulator about financial products and services.*



You can keep up-to-date on our news and regulatory developments by regularly visiting our [website](#) or by subscribing to our [RSS feeds](#).



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