

Creditreform assigns A+ rating to Malta

German credit rating agency Creditreform Rating AG assigned an A+ long-term sovereign rating to Malta and described its outlook as stable.



Creditreform Rating AG, which forms part of the worldwide operating Creditreform Group, was established in 2000 and is considered as one of the leading rating agencies in Europe.

In its report published earlier today, Creditreform said the positive sovereign rating was based on “Malta’s high level of creditworthiness mainly based on its strong macroeconomic performance and strong fiscal sustainability.”

The report highlighted the fact that Malta’s potential growth is among the highest of all euro area members, and that such dynamic growth, which is backed by a buoyant labour market, is supporting Malta’s income convergence towards the EU-28 average. Creditreform expects favourable growth prospects for the Maltese economy in the coming years, supported by moderate growth in investment and growth in private consumption reflecting further improvements in labour market conditions and wage growth. Furthermore, it confirmed that Malta’s current fiscal consolidation is expected to progress in 2016-17, with potential risks vis-à-vis its large banking sector seeming to be broadly contained. It also views ongoing pension reform efforts as essential to warrant long-term fiscal sustainability.

Malta was also praised for its “strong institutional framework” and its efforts at addressing the high stock of non-performing loans, NPLs and improving access to funding especially for SMEs through the implementation of various reforms including the central credit register and the Maltese Development Bank. Creditreform also noted that Malta is in line with its euro area peers as regards to the quality of regulation and the perceived level of corruption.

Source: Department of Information (Malta)

New Banking Rules on Depositor Compensation enter into force

Following a consultation process carried out by the MFSA regarding three new Depositor Compensation Scheme (“DCS”) Banking Rules, these rules have now entered into force as BR17, BR18 and BR19, respectively.

These were a result of the new DCS Regulations, Subsidiary Legislation 371.09, transposing the Recast Directive 2014/49/EU on Deposit Guarantee Schemes (“DGS”).

The Recast Directive introduced a new method of calculating contributions, based on the ‘riskiness’ of each member. The Directive also established the amount of payment commitments allowed by each member in a given year.

The Management Expenses Banking Rule BR/17 is introduced in terms of the DCS Regulations (S.L 371.09) regulation 26(3). Banking Rule BR/18 is based on the EBA Guidelines on Methods for Calculating Contributions to

What’s Inside This Issue:

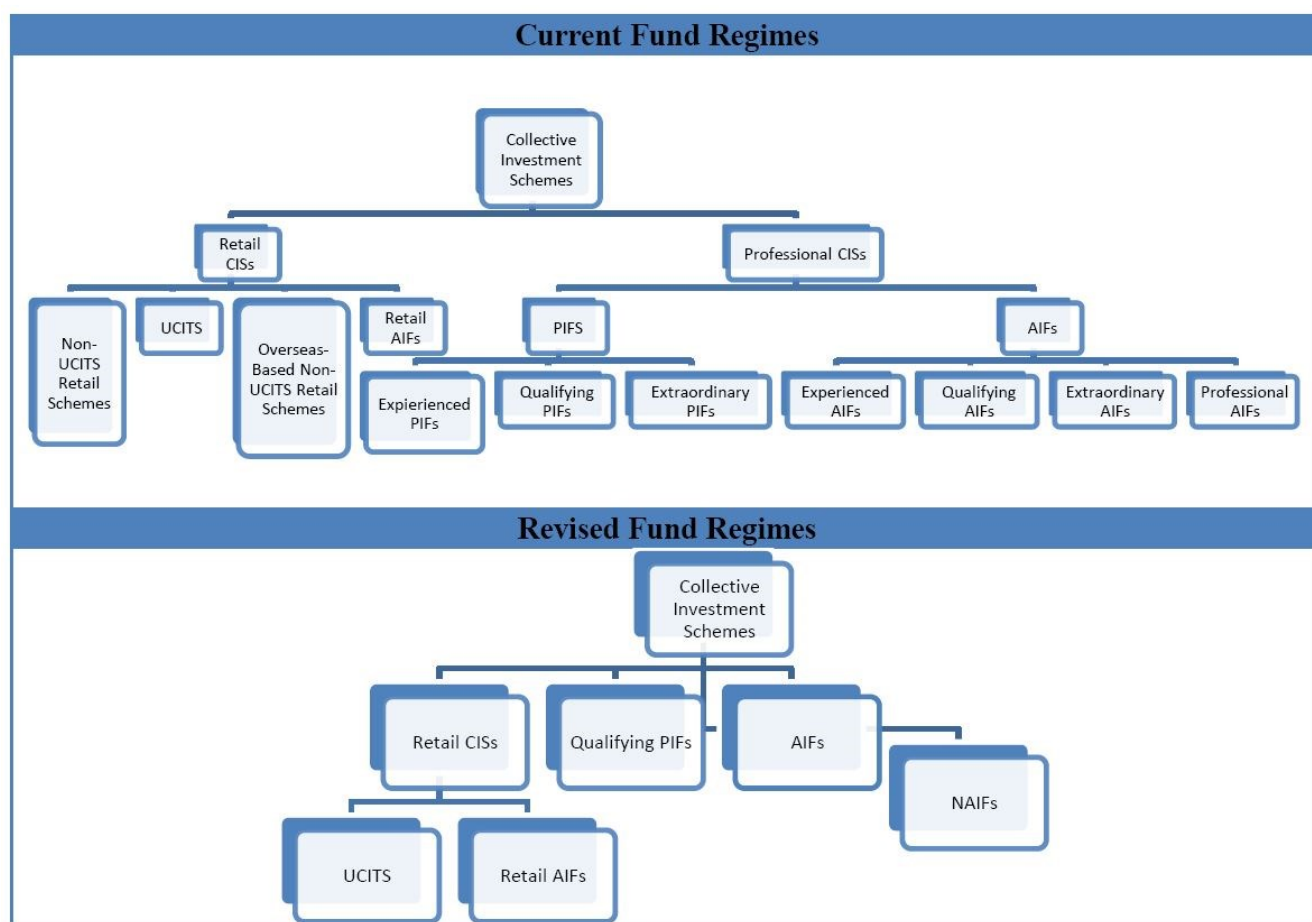
Creditreform assigns A+ rating to Malta | New Banking Rules on Depositor Compensation enter into force | Consultation on the Proposed Revised Rulebooks applicable to CIs | Discussion Paper on Investment-Based Crowdfunding | European Captive Forum - 2016

deposit guarantee schemes, EBL/GL/2015/10 whilst Banking Rule BR/19 is based on EBA Guidelines on Payment Commitments under Directive 2014/49/EU on deposit guarantee schemes, EBA/GL/2015/09.

The MFSA's reaction to the main comments received in relation to the proposed banking rules and the updated banking rules are available from the MFSA website: <http://www.mfsa.com.mt/pages/announcement.aspx?id=8012>

Consultation on the Proposed Revised Rulebooks applicable to CISs

Earlier this year, the Authority announced the intention to consolidate and reduce the number of fund frameworks which were available to fund promoters in terms of the Investment Services Act and the applicable Investment Services Rules. This announcement was further followed by a [Circular](#) to the industry outlining the manner in which the fund frameworks will be consolidated and reduced.



The purpose of the consultation exercise is to provide the industry with the revised versions of the rulebooks and forms and to solicit any feedback which it may have in this regard. These Rulebooks are also being reviewed internally and at the end of the whole process all feedback will be collated. This consultation exercise will run till **5 January 2017**. The new Rulebooks will come into force on the date of publication thereof.

The Authority will also be holding an information session with the industry to outline the changes in the authorisation process. This information session will be held on **2 December 2016**.

Any comments and feedback are to be addressed to Dr. Isabelle Agius, Senior Manager, Authorisation Unit on iagius@mfsa.com.mt or Ms. Judy Catania, Analyst on jcatania@mfsa.com.mt

Discussion Paper on Investment-Based Crowdfunding

Crowdfunding is a newly emerging alternative form of financing and refers to open calls to the wider public, typically through the internet, to finance a specific project. Crowdfunding campaigns typically collect small contributions coming from a large number of individuals. On one side of a crowdfunding transaction there is a person with an idea for a project who sets up a crowdfunding campaign (project owner or campaigner), and on the other side many people who give money to realise this idea (contributors).

Under the umbrella term 'crowdfunding', there exist different models of crowdfunding depending on the instrument used to contribute the funds. In investment-based crowdfunding, companies issue equity or debt instruments to crowd-investors through a platform. Investment-based crowdfunding has the potential to bring significant benefits to the Maltese economy in terms of jobs and growth, especially by providing an alternative funding source for start-ups, SMEs and unlisted companies. At the same time, there are also high risks associated with such investments and appropriate safeguards need to be in place.

In this context, the MFSA has issued a Paper for consultation with the purpose of initiating discussion on the subject of '**Investment-based Crowdfunding**'. The Discussion Paper analyses the nature of investment-based crowdfunding, its risks and opportunities, and provides the Authority's views as to the appropriate regulatory approach.

The Authority is seeking initial feedback from the industry before deciding whether to go forward with detailed proposals for a legal framework. The [Discussion Paper](#) is available for download from the MFSA website. Responses should reach the MFSA by 31st January 2017.

European Captive Forum - 2016



The Malta Insurance Managers Association has just returned from participating in the European Captive Forum held bi-annually in Luxembourg.

The well-attended conference where many professionals including risk managers, captive owners and insurance managers attend was opened by Mr Gunther Drose of ECIROA. Participants discussed many issues including regulatory updates regarding transfer pricing and BEPS. Part of the first day of the conference was also dedicated to discussions regarding the way of optimising the use of captive structures and updates on the regulatory situation on Solvency II. Employee Benefits were also the subject of quite an extensive review and discussion. The US regulatory framework and Asian markets were also discussed in depth.

The second and final day included discussions related to cyber risk, asset liability management, parametric insurance and BREXIT. Further regulatory updates and discussions on captive opportunities were held before the conference came to a close.



Malta was well represented and attendees included AON, JLT Insurance Management, Marsh and USA Risk Group. BEE Insurance Management and DARAG also had their own stand and Exchange Re SCC Limited had a presentation slot within an event organised by Zurich Insurance.

During the event, expertise in cell business from the Maltese insurance industry was acclaimed internationally, when Atlas Insurance PCC won Best Cell Captive Initiative for the 2016 edition of the European Captive Services Awards. Organised by Captive Review, the European Captive Services Awards reward firms and service providers

in the insurance industry which demonstrated the highest levels of excellence over the past 12 months. The winners were announced during the award giving ceremony that was held in Luxembourg, back to back with the biennial European Captive Forum which brings together over 1000 industry stakeholders.

The judges commented "The Maltese cell company specialists clearly showed a commitment to the protected cell company (PCC) structure and its innovative use for a range of clients.

This is yet another recognition of the expertise Malta has built over the past decade in this specialized sector. As a full EU member state, Malta presents opportunities for cells to write risks directly across the single market. Small mono-line insurers and captives have found cells to be a more efficient alternative to having standalone companies. Where otherwise the EU's regulatory capital and governance requirements could be a barrier to entry for start-ups including InsureTechs, Maltese PCCs are enabling such new entrants into the European insurance market, catalysing innovation.

MFSA Media Releases

24/11/2016 - [Issues pertaining to Falcon Funds SICAV plc and its Investment Manager Temple Asset Management Ltd](#)

25/11/2016 - [Fitch Ratings](#)

MFSA Circulars

02/11/2016 - [Circular on clarifications to the insurance industry following the introduction of new audit committee requirements](#)

03/11/2016 - [Solvency II Reporting and Public Disclosure - Loss distribution risk profile \(S.21.01.01\) and Non-life distribution of underwriting risks — by sum insured \(S.21.03.01\)](#)

11/11/2016 - [Circular – Thematic Review on Compliance with the Remuneration provisions in terms of the AIFM Directive](#)

14/11/2016 - [Solvency II Circular for Insurance and Reinsurance Undertakings](#)

MFSA Consultation Papers and Feedback Statements

02/11/2016 - [Note for Consultation – Investment-based Crowdfunding](#)

04/11/2016 - [Consultation on Amendments to the Investor Compensation Scheme Regulations issued under the Investment Services Act](#)

16/11/2016 - [Feedback Statement issued further to the Consultation on the Implementation of three new banking rules issued under the Depositor Compensation Scheme Regulations, S.L. 371.09.](#)

21/11/2016 - [Feedback Statement issued further to Industry Responses to MFSA Consultation Document on Amendments to the Insurance Rules issued under the Insurance Business Act](#)

23/11/2016 - [Consultation on the Proposed Revised Rulebooks Applicable to Collective Investment Schemes](#)

MFSA Warnings

10/11/2016 - [My Advertising Pays](#) - <http://www.myadvertisingpays.com/>

16/11/2016 - [Gemini2](#) - <http://www.gemini2.co/>

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

European Supervisory Authorities Announcements

European Banking Authority (EBA)

01/11/2016 - [EBA recommends a measure based on total liabilities as the target level of resolution financing arrangements](#)

04/11/2016 - [EBA consults on Guidelines on authorisation and registration under PSD2](#)

04/11/2016 - [EBA publishes final guidelines on ICAAP and ILAAP information](#)

MFSA Licences – October 2016

NEW LICENCES

Collective Investment Schemes

Professional Investor Funds targeting Qualifying Investors

- Collective Investment Scheme licence issued to **Northern Cross SICAV plc** in respect of one sub-fund.
- Collective Investment Scheme licence issued to **LL Global Fund Series SICAV plc** in respect of one sub-fund.
- Collective Investment Scheme licence issued to **J8 Umbrella Funds SICAV plc** in respect of one sub-fund.

Professional Investor Funds targeting Experienced Investors

- Collective Investment Scheme licence issued to **HFH SICAV plc** in respect of one sub-fund.

Alternative Investment Funds targeting Qualifying Investors

- Collective Investment Scheme licence issued to **Cerro Torre SICAV plc** in respect of one sub-fund.
- Collective Investment Scheme licence issued to **Lane Bridge SICAV plc** in respect of one sub-fund.

UCITS

- Collective Investment Scheme licence issued to **Ledbury Investment SICAV plc** in respect of one sub-fund.
- Collective Investment Scheme licence issued to **Aag Evolution SICAV plc** in respect of one sub-fund.

Investment Services

- Category 1B licence issued to **Standard Advisory Services Limited**.

Pensions

Retirement Scheme

- Certificate of Registration issued to **Gemstone Retirement Scheme**.

Company Service Providers

- Registration certificate issued to **HBM Malta Limited**.
- Registration certificate issued to **e-Management Limited**.

- Registration certificate issued to **Cordium Malta Limited**.
- Registration certificate issued to **MCD Malta Services Limited**.
- Registration certificate issued to **LexPractis Limited**.
- Registration certificate issued to **Emoore Malta Limited**.

Securitisation Vehicles

Notified Securitisation Vehicles

- Acknowledgement issued to **Helix SCC plc**.

Cells

- Acknowledgement issued to **AIF Asset Backed Cell**.

Trustees and Fiduciaries

- Authorisation issued to **Arcem Trust Limited** to act as a trustee and to provide other fiduciary services including acting as an administrator of private foundations.

SURRENDERED LICENCES

Investment Services

- Surrender of Category 2 licence issued to **Melidon Asset Management Limited**.

EXTENDED AND REVISED LICENCES

Collective Investment Schemes

- Licence issued to **AUM Global Platform SICAV plc** in respect of the **Streaming Technology Fund** was converted from PIF targeting Extraordinary Investors to PIF targeting Qualifying Investors.

Investment Services

- Revision of license issued to **Abalone Asset Management Limited** to reflect its status as a European Venture Capital Fund Manager.

Registry of Companies - New Registrations – October 2016

Companies	Partnerships
437	13

Forthcoming Events

2016

8 December - [FinanceMalta US event - Access for Funds & Managers to the European Union Marketplace](#)

15 December - [Finance Malta Educational Clinic on CRS organised in collaboration with IFSP – Scope of application from a technical and practical point of view](#)

2017

16 January - [Seminar organised by Bruegel/MFIN/MFSA in Conjunction with the Malta-EU Presidency 2017 - The Outlook for European Financial Centres](#)

20-22 June - [NeMa 2017 The Premier Network Management Event](#)



Training by members of the ECC:

- [Malta International Training Centre](#)
- [Malta Institute of Accountants](#)
- [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](#)

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