

MFSA Newsletter

March 2016

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

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Dr Elke König, Chair of the Single Resolution Board visits MFSA

Dr Elke König, Chair of the Single Resolution Board, visited the Malta Financial Services Authority, where she met and held discussions with MFSA Chairman Prof. Joe Bannister, Director General Marianne Scicluna and the Director of the Resolution Authority, Aldo Giordano. She also met other stakeholders such as the Governor of the Central Bank of Malta, the Ministry for Finance, the Resolution Committee and the core banking institutions.



**Single
Resolution Board**

During her visit, a number of themes relevant to the stakeholders involved were discussed. These included raising the visibility of the Single Resolution Board, explaining the work programme for the year and getting to know the Maltese financial market.

The Single Resolution Board (SRB) is the resolution authority for the significant and cross border banking groups established within participating Member States.

In the context of the Single Resolution Mechanism, it works in close cooperation with the national resolution authorities. In the newly created Banking Union the SRB cooperates with the European Central Bank, the European Commission, as well as other European and international institutions. Its mission is to ensure an orderly resolution of failing banks with minimum impact on the real economy and on public finances of the participating Member States and beyond.

Established by Regulation (EU) No 806/2014 on the Single Resolution Mechanism, the Board has been operational as an independent EU Agency as of 1st January 2015. The SRB has started its work on developing resolution plans for credit institutions from January 2015 and is fully operational, with a complete set of resolution powers, since 1 January 2016.

Dr König was accompanied by Ms Joanne Kellermann, Member of the Single Resolution Board and Mr Enrique Ezquerro, Head of Unit.

Consultation on amendments to the Insurance Rules issued under the Insurance Business Act

The MFSA has launched a public consultation on amendments to the Insurance Rules issued under the Insurance Business Act.

The Insurance Rules issued under the Insurance Business Act (Cap. 403) ("the Act") were published on the 22nd December 2015 and came into force on the 1st January 2016. During the consultation process, the industry requested more detail on the content of the report which is to be submitted to the MFSA by the approved actuary under article 23(1) of the Insurance Business Act, as well as under Section 8.5 of Chapter 8 on Financial Statements and Supervisory Reporting Requirements, of the Insurance Rules.

In accordance with paragraph 2.3 of the feedback statement issued on 14th January 2016, the MFSA is issuing for consultation the draft provisions relating to the contents of the report to be produced by the approved actuary.

Moreover, other minor amendments are being proposed to some Insurance Rules which are highlighted in this Consultation paper, including the chapters covering Financial Statements and Supervisory Reporting Requirements and the Conduct of Business Rules.

Any comments or feedback are to be addressed to the Insurance and Pensions Supervision Unit by email on ipsu@mfsa.com.mt. Interested parties are kindly asked to submit any comments in writing by not later than 6th April 2016.

The consultation document is available on: <https://goo.gl/ILRkKn>

Consultation on the implementation of the EU Payment Accounts Directive

The MFSa has launched a consultation procedure on the implementation of the EU Payment Accounts Directive (PAD). This consultation invites views on the proposed steps that the Malta Financial Services Authority will take in order to make sure that Malta meets its obligation to transpose Directive 2014/92/EU – the Payment Accounts Directive (“PAD” or “Directive”).

This consultation seeks to target those who will be affected by the changes proposed. This may include payment service providers (“PSPs”) such as credit institutions, financial institutions, electronic money institutions, consumers and consumer groups and other interested parties.

The Payment Accounts Directive sets common regulatory standards that Member States are required to meet in order to:

- improve the transparency and comparability of fees related to payment accounts that are used for day-to-day payment transactions
- facilitate switching of those accounts
- ensure access to bank accounts with basic features

Malta is required to transpose PAD by 18 September 2016 in order to meet its treaty obligations and avoid the risk of facing legal proceedings as a result of infraction. This requires the government to introduce new secondary legislation in virtue of enabling powers set out in the Banking Act and the Financial Institutions Act.

Feedback on the proposed regulations should reach the Authority by not later than 29 April 2016. Please send your responses by e-mail (consumerinfo@mfsa.com.mt) addressed to Geoffrey Bezzina, Director – Consumer Complaints Unit. Any queries or requests for clarification in respect of the draft regulations should be addressed to Ms Samantha Sultana (ssultana@mfsa.com.mt).

The consultation document is available on: <https://goo.gl/8CzLpb>

Public Notice concerning D.B.R. Investments Limited

The Authority has issued a Public Notice with regards to D.B.R. Investments Limited. This company, having registration number C-27129 and operating from ‘Deber’, Nigret Road, Zurrieq, and which holds a Category 2 investment services licence issued by the MFSa.

As part of its supervisory functions, the Authority carried out a number of inspections at the offices of DBR. The Authority has been monitoring the company closely with respect to its investment services business since October 2014.

Following the passing away of the managing Director and majority shareholder of DBR, the Company subsequently started to wind down its investment services business. It also came to the attention of the Authority that the late

Mr John Farrugia might have carried out unauthorised financial services activities in his personal capacity. In this regard, a report was made to the Police. Investigations are underway to establish the extent to which DBR may be involved in these unauthorised activities.

In order to safeguard the interest of investors, in November 2015 the Authority directed the Company to transfer its existing clients to other service providers in an expedited manner. Investment services clients of the Company have been approached in this regard and the process of the transfer of clients' assets and monies to other service providers is underway.

The Authority is closely monitoring the orderly winding down of the Company's investment services activities in the best interest of clients.

In order to safeguard the interests of investors, the Authority has taken further steps by appointing Mr Paul Mercieca (pmerciecadr@outlook.com) in terms of Article 15A of the Investment Services Act to take charge of the assets and to assume control of the Company's business.

Mondo Alternative focuses on investment opportunities in Malta

The specialised Italian financial services publication Mondo Alternative has carried out an extensive reportage on the Maltese financial services industry, focusing on the funds industry and explored the reasons behind the growth which has been sustained over the past years. The article is complemented with an interview with MFSa Chairman Prof. Bannister.

Significant growth was registered in investment services with 22 licences issued in the various categories. 16 of these were issued at Category 2 level and included a number of UCITS and AIF managers. A number of other licences that were already in force were also revised or extended to provide additional investment services activities. The Authority also licensed 109 new funds (including sub-funds), of which eleven were licensed as Alternative Investment Funds, 78 as Professional Investor Funds and 20 as UCITS funds. More than 620 investments funds are now registered in Malta.

Seeking to explain the key success factors of the Maltese financial services jurisdiction, Prof. Bannister explains Malta's regulatory environment which consists of solid prudential supervision, consumer protection, market supervision and mechanisms for the prevention of money laundering. These are complemented with the economic and financial realities of the island: Malta has experienced one of the fastest growing economies in the Eurozone and an unemployment rate which has consistently gone down over the past years. At the same time, the country's financial situation has experienced significant stability.

The MFSa Chairman explained how the Malta Financial Services Authority (MFSa) and the Central Bank (CBM) through the Joint Financial Stability Board have applied a series of measures intended to further enhance the financial stability framework, including measures resulting from the CRR/CRD package. This year, the country followed up with the introduction of other macroprudential measures, such as counter-cyclical capital buffer (CCB), the other systemically important institutions buffer and the capital conservation buffer.

The report also sought clarifications on the decision to maintain parallel AIF-PIF regimes, with Professor Bannister explaining that this allows operators to choose whether to operate as a de minimis manager or to establish collective investment schemes in the sense of the Investment Services Act – a regulatory framework which is popular and trusted amongst professional investors. Also, the PIF regime increases the possible options for the setting up of a fund in Malta, where fund promoters can choose to be compliant with PIF, AIFMD or UCITS regulations.

The Chairman also touched upon the introduction of the Securitisation Cell Companies Regulations 2014 (the "Regulations"), which sought to adapt and extend the protected cell company structure to cater for securitisation activity through the introduction of a framework for the creation of cell companies acting as special purpose vehicles ("SPVs") in Malta.

In conclusion, details on the newly launched framework applicable for notification of Alternative Investment Funds [the Notified AIFs] were provided.

The full article is available on the MFSA website: <https://goo.gl/PCasQo>

European Supervisory Authorities Press Releases

European Insurance and Occupational Pensions Authority (EIOPA)



04/03/2016 - [EIOPA appoints new members of stakeholders groups](#)

European Banking Authority (EBA)



03/03/2016 - [EBA publishes results of the CRDIV-CRR/Basel III monitoring exercise as of 30 June 2015](#)

09/03/2016 - [EBA publishes new DPM and XBRL taxonomy 2.5 for remittance of supervisory reporting](#)

09/03/2016 - [EBA issues amended standards on supervisory reporting for institutions](#)

09/03/2016 - [EBA amends DPM and XBRL taxonomy 2.4 for remittance of supervisory reporting](#)

09/03/2016 - [ESAs publish final draft technical standards on margin requirements for non-centrally cleared OTC derivatives](#)

22/03/2016 - [EBA responds to the European Commission's Green Paper on Retail Financial Services](#)

22/03/2016 - [EBA publishes Decision specifying the benchmark rate under the Mortgage Credit Directive](#)

24/03/2016 - [EBA seeks input at national level on FINREP and GAAP](#)

MFSA Circulars

07/03/2016 - [Circular addressed to Insurance and Reinsurance Undertakings on the qualitative reporting requirements concerning groups under Solvency II](#)

21/03/2016 - [Note for Information - Insurance Intermediaries Rules](#)

MFSA Warnings

21/03/2016 - Warning against [St. Publius Corporate Services Limited](#)

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

MFSa Licences - February 2016

NEW LICENCES

Banking

Financial Institutions

- Financial Institution licence issued to **Nobel Financial Limited**.

Collective Investment Schemes

Professional Investor Funds targeting Qualifying Investors

- Collective Investment Scheme licence issued to **Active Return Capital SICAV plc** in respect of one sub-fund.
- Collective Investment Scheme licence issued to **Heracles Investment Fund** in respect of one sub-fund.
- Collective Investment Scheme licences issued to **Audentia Capital SICAV plc** in respect of two sub-funds.

Professional Investor Funds targeting Extraordinary Investors

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

Alternative Investment Funds targeting Professional Investors

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

Alternative Investment Funds targeting Experienced Investors

- Collective Investment Scheme licence issued to **Comino II Umbrella Fund SICAV plc** in respect of one sub-fund.

UCITS

- Collective Investment Scheme licence issued to **Lane Bridge UCITS SICAV plc** in respect of one sub-fund.
- Collective Investment Scheme licence issued to **Nobelium Fund SICAV plc** in respect of one sub-fund.
- Collective Investment Scheme licences issued to **AQA UCITS Funds SICAV plc** in respect of two sub-funds.

Incorporated Cells

- Collective Investment Scheme licence issued to **Lupum Global Macro IC SICAV plc**.

Investment Services

- Category 1B licence issued to **Aramis Capital (Europe) Limited**.
- Category 2 licence issued to **Invest4Growth Asset Management Limited**.

Insurance

Cells

- Approval of **Cell 1** as a protected cell of **DARAG Malta Insurance and Reinsurance PCC Limited** to carry on business of reinsurance in 12 classes of the general business.

Pensions

Back office Administrator

- Recognition certificate issued to **SGGG Fexserv Fund Services (Malta)**.

Company Service Providers

- Registration certificate issued to **NewCo Corporate Services Limited**.
- Registration certificate issued to **NewCo Corporate Director Limited**.
- Registration certificate issued to **NewCo Corporate Director 2 Limited**.
- Registration certificate issued to **Active Services (Malta) Limited**.

Securitisation Vehicles

Notified Securitisation Vehicles

- Acknowledgement issued to **Ecotonian Sports Ltd**.

SURRENDERED LICENCES

Collective Investment Schemes

Alternative Investment Funds targeting Qualifying Investors

- Surrender of licence issued to **CAM Fund Series SICAV plc** in respect of one sub-fund.

Incorporated Cells

- Surrender of licence issued to **Nordic Global Alpha IC SICAV plc**.
- Surrender of licence issued to **Aros Cash Alternative SICAV IC plc**.

Investment Services

- Surrender of Category 2 licence issued to **Liongate Capital Management Limited**.

EXTENDED AND REVISED LICENCES**Collective Investment Schemes**

- Licence issued to **Comino Umbrella Fund SICAV plc** was converted from Professional Investor Fund to Alternative Investment Fund.
- Licences issued to **FMG Funds SICAV plc** were converted from Professional Investor Fund to Alternative Investment Fund.

Investment Services*AIFMs*

- Revision of licence issued to **FMG (Malta) Limited** to act as a full Alternative Investment Fund Manager.

Insurance*Insurance Undertakings*

- Extension of license issued to **Trinity Lane Insurance Company Limited** to carry on business of insurance in one more class of the general business.
- Extension of license issued to **Multi Risk Indemnity Company Limited** to carry on business of insurance and reinsurance in two more classes of the general business and business of reinsurance in two classes of the long term business.

Registry of Companies - New Registrations - February 2016

Companies	Partnerships
403	11

Forthcoming Events

May 4-5 - [2016 International Financial Crime Forum](#)



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](#)



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