

10th March 2008

CIRCULAR TO COMPLIANCE OFFICERS of LICENCE HOLDERS

Advertising and promotion of packaged products as Pension / Retirement Plans

MFSA would like to make reference to the promotion of certain packaged products branded as suitable for Pension / Retirement planning.

Whilst there are certain products which serve for retirement planning, there are no products which enjoy fiscal or other incentives to qualify as “pension products” as part of the current pension system in Malta nor are there any details of future legislation in this sector.

In this regard, the MFSA would like to emphasise that no product should be marketed or sold with any direct or indirect reference to any future third pillar legislation or related incentives that may or may not eventually be introduced by Government as part of the reform of the current pension system.

Moreover, care should be taken to ensure that during meetings with clients, no product is interpreted by clients as being linked in some way with any reform of the local pension system or that the product is a “pension product”. Product providers / advisors should obtain a declaration from consumers that the latter are aware that the product that they are buying into is merely a private means to save for retirement and is not linked in any way with the local pension system or any reform thereof.

As advised in a previous Circular that was issued in May 2005, licence holders should exercise due care when promoting products branded suitable for pension / retirement planning given the pension review that had been initiated by Government. Moreover, it was emphasised that no advantage – direct or indirect – should be taken of any national debate on the pensions reform, nor should the public be misled in any way.

MFSA will take any necessary action with respect to any activity in this area that is deemed as misleading.

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