

Guidelines on Facilitating an Effective Dialogue between Insurance Supervisors and Statutory Auditors

On the 29 March 2017, the MFSA issued a Circular relating to EIOPA Guidelines on Facilitating an Effective Dialogue between Insurance Supervisors and Statutory Auditors. The purpose of these Guidelines is to facilitate a relevant and efficient dialogue by means of a set of principle-based Guidelines to support supervisors of insurance undertakings and reinsurance undertakings in developing a consistent, appropriate and proportionate supervisory approach.

The supervisory tasks of supervisors are to be supported by an effective dialogue between supervisors and statutory auditors and audit firms of such undertakings, in addition to the reporting of information made by auditors pursuant to Articles 68 and 72 of the Solvency II Directive. In terms of Article 12(2) of the Statutory Audit Regulation, the responsibility for establishing this effective dialogue rests with both parties to the dialogue (i.e. the MFSA and the approved auditors of insurance undertakings and reinsurance undertakings carrying on business of insurance under the Insurance Business Act (Cap. 403).

These EIOPA Guidelines shall apply as from the 31st May 2017. These EIOPA Guidelines have been included in Chapter 13 on General Principles of Supervision Rules of Part B of the Insurance Rules issued under the Insurance Business Act (Cap. 403).

Malta's A- rating reaffirmed by Standard & Poor's

International rating agency Standard and Poor's has confirmed Malta's A- long-term rating. The same agency had increased this rating towards the end of last year.

In its statement, S&P noted Malta "strong growth performance coupled with consistent current account surpluses, as well as by narrowing government deficits and improved fiscal management" in its decision to keep Malta within its A- bracket.

S&P remarked how the country's outlook remained stable, with the country's economic performance counterbalanced by risks related to service exports, the size and structure of Malta's financial services industry and potential Brexit fallout.

The agency noted the robust growth recorded by the Maltese economy stating that Malta continues to enjoy one of the strongest macroeconomic expansions in the EU. It positively commented on that the significant investment projects in energy, healthcare, education, and hospitality in the last three years as important drivers of growth. These sectors are also expanding base for further future export growth.

The logo for Standard & Poor's, featuring the words "STANDARD" and "& POOR'S" in a bold, serif font, with a horizontal line above "STANDARD" and below "& POOR'S".

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Standard and Poor's further notes that growth was also supported by the increase in the labour force participation rate especially amongst females attributing such increases to Government's labour market policies including the making work pay initiatives and the provision of free childcare centres. With regards to Brexit, the report states that Malta is generally well-placed to withstand Brexit shocks, as it has a diversified export base and a flexible economy.

Standard and Poor's comments positively on Malta's fiscal management stating that it has improved as Malta has made considerable progress in fiscal consolidation. It also expects the debt-to-GDP ratio to continue on a declining trend, falling to 53.8 per cent by 2020 while net debt is expected to fall to 47 per cent.

Malta - Ready to shake up the old continent

THE WORLDFOLIO

The Maltese jurisdiction was once again featured by a leading digital publisher, as it takes centre stage during its six-month stint as chair of the Presidency of the Council of the European Union. Worldfolio.com provides intelligence about the economies with the highest growth potential in the world, with a focus on

understanding them from within.

Worldfolio.com describes Malta as the second-best performing economy amongst its larger peers and an advocate of the EU, having received funding and achieved success at applying EU directives. The nation is described as the essence of Mediterranean culture, due to its location and rich history that has made it an effective participant in the region over the years.

Prime Minister Joseph Muscat is quoted by the publication that while Malta leads, what is important is that "a great deal of energy must be put not only on listening to people, but also acting on people's concerns." Malta's leadership could position it to benefit economically by showcasing that the EU's larger competitors have a different growth cycle compared to the smaller member states and suggesting more flexibility in regulation to stimulate other economies as well.

Worldfolio also presents a number of stakeholders from the financial services industry, delving into the advantages of investing in the Maltese jurisdiction. Apart from the tax measures and attractive Mediterranean lifestyle that the island offers, the editor suggests that Malta's outlook is fostered around the concept that progressive business regulations will continue to aid growth.

The report also highlights how in recent years, Malta "has shifted its orientation towards regional business, particularly the EU context, but also international business." Today, the nation attracts foreign direct investments from countries outside of Europe.

The full report is available on: <http://www.theworldfolio.com/news/ready-to-shake-up-the-old-continent/4263/>

MFSA updates policy for online businesses distributing CFDs or forex

In October 2016, the MFSA initiated a Consultation on a proposed policy for online business models distributing or intending to distribute contracts for differences (CFDs) and/or rolling spot forex contracts, under the Markets in Financial Instruments Directive (MiFID) regime. This Consultation aimed to:

- I. extend the application of a public notice, issued on the 30th July 2015, wherein the Authority, had set out the updated criteria regarding the licencing of entities that would wish to provide online forex trading to clients. The referred public notice had been published following various issues that the MFSA had come across in handling applications in this sector as well as various risk warnings issued at EU level alerting retail investors to the main risks involved in forex trading. This public notice was only applicable to applicants for a Category 2 or Category 3 Investment Services Licence that would like to provide online trading of complex products in terms of the Investment Services Act, Cap. 370. In terms of this Consultation the said public notice would now apply to entities licenced prior to the 30th July 2015 as well as applicants for an Investment Services Licence to distribute CFDS and/or rolling spot forex.
- II. Introducing new requirements with respect to leverage limits and slippage settings.

Further to the said Consultation Document, the MFSA has on the 2nd April issued a Feedback Statement with respect the comments received. An outline of the main comments received and the MFSA's position in relation thereto is included in the same statement.

On the basis of the Feedback, the MFSA has also issued an updated version of the policy, stating the revised requirements are to be adhered to by firms. It is the intention of the Authority to incorporate the requirements of the aforementioned policy in its Rules, in due course. The updated policy now includes requirements relating to:

- Shareholding Structure
- Capital Requirements
- Competence Requirements
- Local Presence / Corporate Governance Requirements
- Expert Advisors
- Record Keeping
- IT Systems
- Liquidity Providers/Counterparties
- Consumer Protection Measures
- Leverage Limits
- Slippage Settings

All investment services firms offering CFDs and/or rolling spot forex contracts which were licenced prior to the 30th July 2015 are required to adhere to the provisions of this Policy by the 3rd October 2017, that is six months following the publication of the updated notice.

New applicants shall ensure that any application for a licence submitted to the MFSA is in line with the requirements of this Policy Paper and that they are in a position to comply with relevant conditions upon commencement of their activities and on an ongoing basis.

Any queries should be sent by email to communications@mfsa.com.mt or alternatively by conventional post and addressed to: Communications Unit, Malta Financial Services Authority, Notabile Road, Attard.

MFSA Circulars

- 04/04/2017** - [Update - Circular addressed to Investment Firms and/or Applicants for an Investment Services Licence offering or intending to offer Financial Contracts for Difference \(CFDs\) and other speculative products](#)
- 05/04/2017** - [Circular on the Draft Implementing Technical Standards \(ITS\) requirements with regards to IT solutions for the submission of supervisory reporting from credit institutions to the Authority](#)
- 06/04/2017** - [Preparatory Guidelines on Product Oversight and Governance arrangements by insurance undertakings and insurance distributors as required by the Insurance Distribution Directive \(“IDD”\)](#)
- 10/04/2017** - [Circular on the European Markets Infrastructure Regulation No 648/2012 \('EMIR'\) - Reporting Obligation](#)
- 18/04/2017** - [Circular to the Financial Services Industry with regards to the MiFID II Regulatory Technical Standards \(RTS\) and Delegated Acts](#)
- 25/04/2017** - [Circular - ESMA MiFID II / MiFIR Investor Protection Q&As](#)
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MFSA Consultation Papers and Feedback Statements

- 03/04/2017** - [Feedback Statement and Policy Document applicable to Online Business Models Distributing or Intending to Distribute Contracts for Difference \(CFDs\) and/or Rolling Spot Forex Contracts under the MiFID Regime](#)
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MFSA Warnings

- 18/04/2017** - [MFSA Warning - OneCoin - https://www.onecoin.eu/en/ - OneCoin Malta](#)

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

MFSA Media Releases

- 24/04/2017** - [Public Statement - Media Reports concerning Pilatus Bank](#)
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European Supervisory Authorities Announcements

European Insurance and Occupational Pensions Authority (EIOPA)

- 06/04/2017** - [EIOPA sets out the Methodology to Derive The Ultimate Forward Rate](#)
- 27/04/2017** - [EIOPA publishes an EU-wide thematic review of consumer protection issues in the unit-linked market](#)
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MFSA Licences – March 2017

NEW LICENCES

Collective Investment Schemes

Professional Investor Funds targeting Qualifying Investors

- Collective Investment Scheme licence issued to **Primo Forex Fund SICAV plc** in respect of one sub-fund.
- Collective Investment Scheme licence issued to **Audentia Capital SICAV II plc** in respect of one sub-fund.
- Collective Investment Scheme licence issued to **Nina Fund SICAV plc** in respect of one sub-fund.

UCITS

- Collective Investment Scheme licences issued to **Calamatta Cuschieri Funds SICAV plc** in respect of two sub-funds.
- Collective Investment Scheme licence issued to **Highland SICAV plc** in respect of one sub-fund.
- Collective Investment Scheme licence issued to **Lane Bridge UCITS SICAV plc** in respect of one sub-fund.
- Collective Investment Scheme licence issued to **EIGER SICAV plc** in respect of one sub-fund.

Investment Services

- Category 2 licence issued to **Swissquote Financial Services (Malta) Limited**.
- Category 3 licence issued to **ALB Forex Trading Limited**.

Company Service Providers

- Registration certificate issued to **Conlegia Limited**.
- Registration certificate issued to **Business Serving Limited**.
- Registration certificate issued to **Artio Corporate Services Limited**.

Trustees and Fiduciaries

- Authorisation issued to **Quantum Family Trust Limited** to act as a family trust.
- Authorisation issued to **Gateway Family Trust Limited** to act as a family trust.

Pensions

Retirement Schemes

- Recognition certificate issued to **Prosperity QROPS Malta**.
- Recognition certificate issued to **Infinity International Pension Plan**.
- Recognition certificate issued to **Boal & Co Malta Pension**.

SURRENDERED LICENCES**Collective Investment Schemes**

Professional Investor Funds targeting Qualifying Investors

- Surrender of licences issued to **Pluri-Invest SICAV plc** in respect of two sub-funds.
- Surrender of licence issued to **Meridon Funds SICAV plc** in respect of one sub-fund.

EXTENDED AND REVISED LICENCES**Collective Investment Schemes**

- Licence issued to **Malta IFP SICAV plc** was converted from Professional Investor Fund to Alternative Investment Fund.
- Licence issued to **InvestInvent Fund SICAV plc** was converted from Professional Investor Fund to Alternative Investment Fund.
- Licence issued to **Prime Pan-Asia Investment Fund SICAV plc** was converted from Professional Investor Fund to Alternative Investment Fund.
- Licence issued to **Lascaris Capital Fund SICAV plc** was converted from Professional Investor Fund to Alternative Investment Fund.

Investment Services

- Extension of license issued to **BOV Asset Management Limited** to include Management of Investments to Professional Clients and Eligible Counterparties in relation to a number of instruments listed in the Second Schedule of the Investment Services Act, 1994.

AIFMs

- Revision of licence issued to **AQA Capital Limited** to act as an Alternative Investment Fund Manager.

Registry of Companies - New Registrations – March 2017

Companies	Partnerships
471	10

Forthcoming Events

2017

4 May - [20th European Corporate Governance Conference](#)

17-18 May - [FinanceMalta 10th Annual Conference](#)

18 May - [AIMA - The future of EU alternative investment management](#)

Malta EU Council Presidency events:

<http://www.eu2017.mt/en/Events/Pages/Events.aspx>



MFSA
ECC

Education Consultative Council

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](#)

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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