

The Outlook for European Financial Centres

The future of financial services centre was under the spotlight at a seminar organised by the MFSA, the Bruegel Consultancy Group and the Ministry for Finance, under the auspices of Malta's EU Presidency. This event brought together representatives from government and the regulator as well as a significant participation from the industry.

Introducing the Seminar, the Hon Minister for Competitiveness and Digital, Maritime and Services Economy, Emmanuel Mallia noted that "the topic chosen by the MFSA is not only of significance to Europe in these turbulent times but also to Malta, where financial services have become a strong pillar of our economy with over 90% of foreign direct investment in financial services, meaning that we need to safeguard and further develop this sector as the Government places more emphasis on training our only resource - human resources."

The most important forthcoming development for European finance centres is the Action Plan for a European Capital Markets Union, which is aimed at increasing funding for start-ups and non-listed companies, by making it easier for them to raise money from capital markets and to give retail and institutional investors more investment options. The plan is aimed at freeing up bank lending to the wider economy through a proposal, to revitalise securitisation markets in Europe, while making it easier for all types of companies to tap capital markets. The legislative framework for the plan is in its final stages with the approval of the revised Prospectus Directive under the Slovak Presidency, and hopefully, under Malta's Presidency, we will be able to close the Securitization Directive. The trilogue phase will start shortly.



Photo: DOI-Omar Camilleri
The Hon Minister for Competitiveness and Digital, Maritime and Services Economy, Emmanuel Mallia addressing the seminar



Minister Mallia added that "the prospects for European Capital Markets are promising. Although the overall global economic environment remains uncertain, European companies have been diversifying their sources of funding, turning to securitization, corporate bond issuance and stock markets to finance themselves".

"I am confident that the outlook for Malta is positive. The Maltese are known to adapt and make the most of the changes that are taking place in finance centres globally. Changes will bring challenges and here we must be vigilant and analyse properly the opportunities in front of us", concluded the Minister Emmanuel Mallia.

The event also featured presentations by Wolf-George Ringe, Professor of Law, Copenhagen Business School. Professor Ringe's presentation tackled the issue of European Financial Centres and how to deal with Regulatory Competition. The presentation included issues regarding the regulatory arbitrage and competition in Financial

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Markets Law, arbitrage by market actors and competition as a reaction by lawmakers to the consequences for Financial Regulation, on a national and a global level.

Another presentation was given by William Wright, Managing Director, New Financial (London). The presentation covered the contribution of financial centre to the economy focusing on the depth of capital markets across Europe, the levels of activity in different financial centres and the differences between capital markets and financial centres.

MFSA Chairman Prof Joe Bannister concluded the Seminar by highlighting Malta's position and efforts to attract further business to Malta by introducing regulation which reflected the market's needs. Prof Bannister also pointed out that, post-Brexit, a number of businesses from the UK had contacted the regulator about the opportunities offered by our country.

Financial Services Sector continues to expand in 2016

Figures published by the MFSA confirm that the financial services sector has continued to experience the steady levels of growth recorded in previous years. A significant increase in licences and authorisations was registered in for the carrying out of various activities in the investment services, trust, pensions and insurance business sectors. Three new institutions were licensed in terms of the Financial Institutions Act to provide payment services, two of which are also authorised as electronic money institutions, bringing the number of financial institutions at the end of 2016 to 42.

Three new non-life insurance undertakings were authorised in terms of the Insurance Business Act, of which one was authorised as a captive reinsurance undertaking. Additionally, the Authority licensed the first Reinsurance Special Purpose Vehicle in terms of the Reinsurance Special Purpose Vehicles Regulations (2016) and constituted as a Securitisation Cell Company in accordance with the Securitisation Cell Companies Regulations (2014). Three new cells were also approved by the Authority to write business in terms of the Companies Act (Cell Companies Carrying on Business of Insurance) Regulations (2004). This brings the total number of approved cells within PCCs up to 32.

Three new companies were licensed to carry on the business of insurance broking while another three companies were struck-off the List in the course of the year. Four insurance management companies ceased to carry out activities in terms of the Insurance Intermediaries Act. One company was enrolled in the Agents List while another two companies ceased to carry on insurance agency activities.

In the pensions sector, new certificates of registration were granted to ten retirement schemes, three retirement scheme administrators and one investment manager. The Authority also granted recognition to two companies to carry on the activities of a back office administrator while another two companies were granted exemption from the provisions of article 7 of the Retirement Pensions Act to provide back-office administrative activities.

Investment services continued to expand particularly with the issue of eight new Category 2 licences. Three other licences were issued in the other categories while a number of other licensed companies had their licence revised or extended to provide additional investment services activities. Four companies, including three at Category 2 level and one Category 4a, ceased to be licensed during the year.

The Authority licensed 113 new investment funds (including sub-funds) in terms of the Investment Services Act during the year, of which 19 were licensed as Alternative Investment Funds, 71 as Professional Investor Funds (four as Incorporated Cells) and 23 as UCITS funds. Two Notified Alternative Investment Funds were included in the List of Notified AIFs under the new framework introduced during the year. A number of funds and sub-funds also surrendered their licence during the year while a number of other funds had their licence revised. The Authority also issued a recognition certificate to one company to act as a Recognised Incorporated Cell Company while another company surrendered its Recognition Certificate during the same year.

In the banking sector, one credit institution surrendered its licence bringing the total number of authorised credit institutions to 27.

Twelve new authorisations were granted by the Authority in terms of the Trusts and Trustees Act while two companies surrendered the authorisation in 2016. As at end 2016, there were 157 authorisations in terms of the Trusts and Trustees Act.

The Authority also registered 74 companies in terms of the Company Services Providers Act.

The Authority issued acknowledgments in terms of Article 18 of the Securitisation Act to 16 companies including eight Securitisation Cell Companies. Moreover, twelve cells were issued an acknowledgement in terms of Regulation 22 of the Securitisation Cell Company Regulations. Additionally, there were over 5,200 new registrations in the Registry of Companies in 2016.

The full end of year licences statistics for year 2016 are published on the MFSa website and may be accessed through the following link: <http://bit.ly/2kBhtl9>

Interest rising in Malta as onshore option for UK insurers post Brexit

Commercialriskeurope.com, a leading website for European risk and insurance management news has reported that interest among UK insurers in Malta as an option to access the European Union via freedom of services post Brexit is rising steadily, based on attendance at a briefing on the market held recently in London.

Adrian Ladbury, editor of Rubicon Media Ltd, the publishing house of Commercial Risk Europe noted that latest political developments and the rising chance of a “hard” Brexit suggest that UK-based insurers will be very keen to find out what Malta and other EU territories can offer as they seek to maintain and protect their access to key European markets.

The article quotes Phil Smart, head of insurance at KPMG UK, who pointed out that irrespectively how Brexit negotiations turn out, UK insurers need to retain an ability to operate in Europe and maintain regulatory equivalence. Praveen Sharma, at Marsh’s global leader - insurance regulatory & tax practice, said that Malta offers a credible option for UK and international insurers alike that need access to the EU market. But he stressed that this is not a surprise or new message. Malta has invested heavily in the development of its insurance and wider financial services sector since it joined the EU in 2004 and many international insurers have set up on the island to enjoy freedom of services.

“Malta has also created an innovative range of tools to facilitate captive insurance companies, protected cell companies (PCC), incorporated cell companies (ICC) and, more recently, reinsurance special purpose vehicles (RSPV). It therefore offers corporates and insurers a range of options” added Mr Sharma.

“Brexit or otherwise, Malta has become a good place for an international insurer that wants access to the European Union to do business. Not only does it offer a robust and flexible regulatory system, the language of business is English and the island has all the support services and infrastructure that you would need,” he added.

The tax expert told Commercial Risk Europe that while other onshore European financial and insurance centres may be making claims about why UK insurers should relocate to their territories post Brexit, Malta simply should clearly explain how its system works and be taken seriously for good economic, financial and business reasons.

The article adds that “This is not about selling Malta or the Brexit message, but rather the quality of the regulation and the approach adopted by the MFSa towards each interested party. It is really business as usual for Malta. There are insurers, from the United States for example, that want to set up operations in Europe whether there is Brexit or not. There are international insurers based in Bermuda, for example, that do not need or want a network of branch offices in every European country and see Malta as an attractive option,” explained Mr Sharma.

Above all UK and international insurers must seriously explore their options, he said.

The full article is available on: <http://bit.ly/2kAyO9Z>

More for Malta – Captive Review’s Year in Review



Leading financial services publication Captive Review featured Malta in its 2016 Year in Review traditional publication. In this edition, Captive Review spoke to MFSA Chairman, Prof Joe Bannister about the increasing interest in Malta’s financial services jurisdiction.

Queried about the major developments to have impacted Malta over the past 12 years, the MFSA Chairman highlighted the launch of the notified alternative investment fund, defined as the largest contributor to Malta’s growth in 2016. Under the new regime, the AIFM makes a notice filing with the Authority in accordance with the relevant rules. Rather than there being separate regulation of both the fund and the AIFM, the MFSA will rely on the regulated status of the AIFM to ensure compliance with applicable law and regulations and appropriate standards of conduct by the fund.

Prof Bannister also spoke about the major interest regarding Malta’s cell structure, the PCC, with the country currently being the only EU Member State offering this exclusive structure, as well as the licensing of the first Reinsurance Special Purpose Vehicle (RSPV).

The MFSA Chairman also noted that “the number of enquiries remains high and compared to last year, the applications have also seen growth”. Looking forward, Prof Bannister noted that the Authority will be taking a step back and look at the industry, in particular regulation, to see how things can be made more efficient for companies to operate, reflecting Malta’s natural sense of innovation and drive to continue succeeding.

The interview also briefly touches on the impact of Brexit, and the potential impact on the local financial services industry.

The full interview is available on:

<http://bit.ly/2jYCtyZ>

MFSA Launches new CIS application packs

Following recent market and regulatory developments, the Malta Financial Services Authority (MFSA) has launched new application packs for the authorisation of collective investment schemes.

It is the intention of the Authority to replace the current application forms definitely by 1st March 2017.

The application packs consist of the application forms, the checklists relating to the prospectus/offering documents and depositary agreement checklists where applicable. Prospective applicants can start submitting applications using the revised application forms.

Further information and the application packs are available here:

<https://www.mfsa.com.mt/pages/announcement.aspx?id=8114>

MFSA Circulars

- 05/01/2017 - [The Person Discharging Managerial Responsibilities \['PDMR'\] Form](#)
- 06/01/2017 - [Circular to the Financial Services Industry: Revised Application Forms for CISs](#)
- 06/01/2017 - [Circular - ESMA publishes 20th extract on enforcement decisions on Financial Statements](#)
- 09/01/2017 - [Circular on Own Funds Requirements for Investment Firms and Fund Managers based on Fixed Overheads under Article 97\(4\) of Regulation \(EU\) No 575/2013](#)
- 12/01/2017 - [Note for Information – Amendments to Annex – “Complaints Reported by Insurance Undertakings”, to Chapter 12 of the Insurance Rules](#)
- 17/01/2017 - [Circular - Briefing on Markets in Financial Instruments Directive \('MiFID II'\) technical data reporting requirements](#)
- 23/01/2017 - [Prevention of Financial Markets Abuse - Guidance Notes](#)
- 26/01/2017 - [Circular to the Market - Assessment Required Prior To Proposing Individuals for Approved Positions](#)
- 27/01/2017 - [Circular addressed to Category 2 and Category 3 Investment Firms Clarification on updates to the COREP return](#)
- 31/01/2017 - [Circular to the Industry on the Implementation of the ESMA Guidelines on Sound Remuneration Policies under the UCITS Directive and the AIFMD](#)
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MFSA Consultation Papers and Feedback Statements

- 10/01/2017 - [Consultation Document on the proposed Rules for Trustees and other Fiduciaries - Extension of Consultation Period](#)
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MFSA Warnings

- 24/01/2017 - [MFSA Warning - http://www.fxddtrade.com/](http://www.fxddtrade.com/)

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

MFSA Media Releases

- 12/01/2017 - [Media Release concerning the appointment of a Competent Person by the Malta Financial Services Authority in relation to Falcon Funds SICAV plc](#)
- 20/01/2017 - [Public Notice concerning Nemea Bank plc](#)
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European Supervisory Authorities Announcements

European Banking Authority (EBA)

- 13/01/2017 - [EBA updated Risk Dashboard shows that elevated NPLs and a high cost base pose a significant profitability challenge for EU banks](#)
- 18/01/2017 - [EBA and ESMA call to clarify margin requirements between CRR and EMIR](#)
- 18/01/2017 - [EBA publishes DPM and XBRL taxonomy 2.6 for remittance of supervisory reporting](#)
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MFSA Licences – December 2016

NEW LICENCES

Collective Investment Schemes

Professional Investor Funds targeting Qualifying Investors

- Collective Investment Scheme licence issued to **Paragon SICAV plc** in respect of one sub-fund.
- Collective Investment Scheme licence issued to **Woodman Funds SICAV plc** in respect of one sub-fund.
- Collective Investment Scheme licence issued to **Unison Capital SICAV plc** in respect of one sub-fund.
- Collective Investment Scheme licence issued to **Lucendro SICAV plc** in respect of one sub-fund.
- Collective Investment Scheme licence issued to **SiliconIsles SICAV plc** in respect of one sub-fund.
- Collective Investment Scheme licences issued to **Tarrana Fund SICAV plc** in respect of two sub-funds.

Alternative Investment Funds targeting Retail Investors

- Collective Investment Scheme licences issued to **HSBC Malta Funds SICAV plc** in respect of two sub-funds.

Notified Alternative Investment Funds targeting Qualifying and Professional Investors

- **Global Series SICAV plc** in respect of one sub-fund included in the List of Notified AIFs in terms of Regulation 6 of the Investment Services Act (List of Notified AIFs) Regulations 2016.

UCITS

- Collective Investment Scheme licence issued to **Alpine Fund SICAV plc** in respect of one sub-fund.
- Collective Investment Scheme licences issued to **BOV Investment Funds** in respect of three sub-funds.

Insurance

Insurance Undertakings

- Licence issued to **Fresenius Medical Care Global Insurance Limited** to carry on business as a captive reinsurance undertaking in two classes of the general business.
- Licence issued to **R&Q Insurance (Europe) Limited** to carry on business of insurance and reinsurance in all classes of the general business.

Recognised Fund Administrators

- Certificate issued to **FundBPO (Malta) Limited**.

Pensions

Retirement Scheme

- Certificate of Registration issued to **Lifetime Pensions Private Pension Scheme**.

Retirement Scheme Administrator

- Certificate of Registration issued to **CCGM Pension Administrators Limited**.

Company Service Providers

- Registration certificate issued to **Arendt Services S.A.**
- Registration certificate issued to **ECDDP Support Services Limited**.
- Registration certificate issued to **Family Office Malta Limited**.

Securitisation Vehicles*Notified Securitisation Vehicles*

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

Cells

- Acknowledgement issued to **Cell Salfort VC**.

Trustees and Fiduciaries

- Authorisation issued to **Carmelo Stivala Trustee Limited** to act as a private trust company in terms of article 43B of the Trusts and Trustees Act.

SURRENDERED LICENCES**Collective Investment Schemes***Professional Investor Funds targeting Qualifying Investors*

- Surrender of licence issued to **Brooksbridge SICAV plc**.
- Surrender of licence issued to **JVC Capital SICAV plc**.
- Surrender of licence issued to **Spectrum Fund (SICAV) plc** in respect of one sub-fund.
- Surrender of licence issued to **Taliti Funds SICAV plc** in respect of one sub-fund.
- Surrender of licences issued to **Malta IFP SICAV plc** in respect of two sub-funds.

Professional Investor Funds targeting Experienced Investors

- Surrender of licence issued to **Hedge Invest Alternative Funds SICAV plc**.

Alternative Investment Funds targeting Qualifying Investors

- Surrender of licence issued to **CAM Fund Series SICAV plc**.

Alternative Investment Funds targeting Professional Investors

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

Incorporated Cells

- Surrender of licence issued to **Gvolution IC SICAV plc**.

Insurance*Managers List*

- Surrender of licence issued to **IIM Limited**.
- Surrender of licence issued to **HSBC Insurance Management Services (Europe) Limited**.

EXTENDED AND REVISED LICENCES**Banking***Financial Institutions*

- Extension of licence issued to **Finco Treasury Management Limited** to include money remittance services in terms of Article 5 of the Financial Institutions Act.

Collective Investment Schemes

- Licences issued to **HSBC Malta Funds SICAV plc** were converted from Non-UCITS Fund to Alternative Investment Fund in respect of three sub-funds.
- Licence issued to **HSBC Malta Funds SICAV plc** was converted from Professional Investment Fund to Alternative Investment Fund in respect of one sub-fund.

Investment Services*AIFMs*

- Revision of licence issued to **Terra Partners Asset Management Limited** to act as an Alternative Investment Fund Manager.

Insurance*Insurance Undertakings*

- Extension of license issued to **ArgoGlobal SE** to carry on business of insurance in two more classes of the general business.

Registry of Companies - New Registrations – December 2016

Companies	Partnerships
550	3

Forthcoming Events

2017

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

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

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.



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