

MFSA hosts EU Presidency events

As part of Malta's Council Presidency, the MFSA hosted two important events during the month of May, both events taking place in Valletta.

As Malta's financial services regulator, the MFSA is playing an important contribution in the handling of a substantial number of financial services sector dossiers. Hence, the presence of two of the major EU regulators on the island represented an important milestone for the activities carried out during this Presidency.



MFSA Director General at the EIOPA Strategy Day

The first event was the annual Strategy Day for Board members of EIOPA, held over the 11 and 12 May. The European Insurance and Occupational Pensions Authority (EIOPA), one of three European Supervisory Authorities, was established as a consequence of the reforms to the structure of supervision of the financial services sector in the European Union. The MFSA is a member of the Board of Supervisors of this agency. Board Members from the 28 EU member states participated in two days of discussions on the most topical subjects in the field.

The second event held between 22 and 24 May involved the Board members of another European Supervisory Authority: ESMA, the European Securities and Markets Authority. ESMA is directly responsible

for the supervision of credit rating agencies and trade repositories in Europe, monitors the protection of investors and aims to promote stable and orderly financial markets. MFSA is a member of the Board of Supervisors of ESMA, and hosted the other 27 members at an Away Day in Valletta, followed by a regular Board meeting with over 70 attendees.

Further information on the Maltese Presidency of the Council of the European Union is available on <http://www.eu2017.mt/en>

Moody's: Malta's credit profile balances favourable economic prospects against fiscal challenges

In a detailed report published in May by Moody's Investors Services, the credit rating agency has hailed Malta's healthy economic prospects and access to a large and stable funding pool support its credit profile. In particular, the report has highlighted Malta's improving financial position, which, in its own words, "has helped to shift the budget to a surplus of one per cent of GDP in 2016 from a deficit of 1.3 per cent of GDP in 2015."



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Malta's economic growth was higher than expectations in 2016, with real GDP expanding by five per cent, the main contributors being private consumption and a strong contribution from net exports. For 2017, Moody's is expecting another positive year, with a 4.3%, which although slightly lower than previous year, remains well above the European Union's average.

After the general government balance registered a surplus of one per cent of GDP in 2016, Moody's forecasts that Malta will post a small surplus in 2017-18. This forecast takes into account the better than expected fiscal outturn in 2016 and Moody's more optimistic macroeconomic assumptions for 2017.

Moody's noted that Malta's sovereign rating could be upgraded in the event of a very marked improvement in the government's balance sheet, including a significant reduction in contingent liabilities, leading to faster convergence of the debt burden with A-rated peers.

MFSA updates Market on MiFID II and MiFIR

The Authority has issued a Circular to all market participants, particularly Market Operators, Trading Venues, Investment Firms, or any other related entities subject to MiFID II and MiFIR.

This Circular provides a comprehensive update on a number of recent issues concerning the industry, including [i] Q&A on transparency, [ii] Q&A on market structure topics, [iii] Q&A on commodity derivatives topics, and [iv] Guidelines and Final Report on the Guidelines on the calibration of circuit breakers and the publication and reporting of trading halts under MiFID II.

Questions and Answers on MiFID II and MiFIR transparency topics

Last April, the the European Securities and Markets Authority ('ESMA') updated the latest set of Q&A on MiFID II/ MiFIR transparency topics. The scope of the Q&A is to provide responses to questions raised by the general public, market participants and competent authorities in relation to the practical application of MiFID II/ MiFIR in this area.

More specifically, the Q&A currently provides explanations on general transparency topics as well as trading obligation for shares.

Questions and Answers on MiFID II and MiFIR market structures topics

Last month ESMA also updated the Q&A on MiFID II/MiFIR market structure topics. The Q&A provides responses to questions raised by the general public, market participants and competent authorities in relation to the practical application of MiFID II/ MiFIR in relation to market structure topics.

More specifically, the Q&A provides an explanation on Direct Electronic Access ('DEA') and algorithmic trading with respect to the reference to 'market makers' as per Article 2(1)(d)1 and 2(1)(j)2 of MiFID II.

Questions and Answers on MiFID and MiFIR commodity derivatives topics

A further update concerns new set of Q&A published by ESMA last year on MiFID II/MiFIR commodity derivative topics, which was further updated on the 5th April 2017. The Q&A provides responses to questions raised by the general public, market participants and competent authorities in relation to the practical application of MiFID II/MiFIR on commodity derivatives topics.

More specifically, the Q&A provides explanations on additional questions relating to position limits. It seeks to clarify (i) how the position limits regime is applied to the various underlyings listed in Annex I, Section C(10) of MiFID II, (ii) whether a hedge exemption can be netted against positions in derivatives which are not objectively measurable as reducing risks directly related to a person's commercial activity, (iii) the meaning of 'single fungible pool of an open interest' in Article 5(1)(b) of Regulatory Technical Standard ('RTS') 21, and (iv) how the contracts that have a high variability of open interest during the year should be treated.

Guidelines and Final report on the Guidelines on the calibration of circuit breakers and the publication and reporting of trading halts under MiFID II.

After issuing a Consultation document in 2016 on Guidelines on the calibration of circuit breakers and the publication and reporting of trading halts under MiFID II, ESMA published the above-mentioned Guidelines, with an accompanying Final Report. The Guidelines are not restricted to a specific type of circuit breaker and apply indistinctly to all mechanisms that trading venues could potentially set in place in accordance with Article 48(5) of MiFID II.

Whilst the Guidelines clarify the provisions under this Article and are applicable from 3rd January 2018, the Final Report provides feedback on the CP on the Guidelines and describes how the responses to the consultation were taken into consideration when drafting the final Guidelines. Material changes to the Guidelines are described in the Report, as well as the reasons for such changes in light of the received feedback.

It is to be highlighted that the requirements set out in the Guidelines are applicable only to trading venues' systems that enable or allow algorithmic trading.

A copy of the guidelines referred to in this article are available in the Circular on the MFSA Website. For any further information, kindly contact the Securities and Markets Supervision Unit.

ECC discusses public financial literacy



Throughout the first half of this year, the Educational Consultative Council, has continued to push forward the promotion of in-service and pre-service professional training and education within the financial services sector. It liaised with various training providers on areas related to courses, analysis of training gaps, promotion of careers, organisation of events and maintenance of its careersinfinance website.

The ECC provides input to the Authority on matters related to training and career development within the sector and co-ordinates initiatives aimed towards filling of skills gaps that may be identified within the sector from time to time.

Additionally, ECC meetings are regularly addressed by financial services stakeholders who update the Council with developments and needs within this industry. During the last ECC meeting, Mr Joe Portelli, Chairman of Malta Stock Exchange (MSE) delivered a presentation on the theme of 'The real situation of public literacy in Malta and what needs to be done'.

Mr J Portelli referred to the MSE's Institute's involvement in the area of education on financial literacy. In this regard, the MSE has reached an agreement with the Ministry of Education to take on students from MCAST on one of their upcoming Honours programmes. In Mr Portelli's views the MSE Institute is to be regarded as an educational body that offers a kind of differentiated set of classes in Malta. To reach this objective, the MSE Institute has created a number of different classes, from which a person can choose to attain a Diploma qualification. It is within the MSE plans to make the Institute a 'pre-eminent financial academic institution' in Malta.

In concluding his presentation, Mr J Portelli said that the MSE Institute will shortly be launching two Diplomas designed for people with no skills in the areas of finance.

More information about the ECC is available on <http://careersinfinance.mfsa.com.mt/pages/default.aspx>

MFSA Circulars

- 09/05/2017 - [Circular to the industry on the implementation of the ESMA Guidelines on Sound Remuneration Policies under the UCITS Directive and the AIFMD](#)
- 22/05/2017 - [Circular letter to insurance and reinsurance undertakings relating to the changes to the Personal Injury Discount Rate in the UK \("Ogden Discount Rate"\)](#)
- 25/05/2017 - [Circular on Markets in Financial Instruments Directive \('MiFID II'\) and Markets in Financial Instruments Regulations \('MiFIR'\)](#)
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MFSA Warnings

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

MFSA Media Releases

- 11/05/2017 - [Memorandum of Understanding with the Financial Information Authority of the Holy See and the Vatican City State](#)
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European Supervisory Authorities Announcements

European Insurance and Occupational Pensions Authority (EIOPA)

- 22/05/2017 - [EIOPA launches its second EU-wide Occupational Pensions Stress Test](#)
- 27/05/2017 - [EIOPA publishes an EU-wide thematic review of consumer protection issues in the unit-linked market](#)

European Banking Authority (EBA)

- 26/05/2017 - [Consultation on the scope of the draft Guidelines on connected clients](#)
- 26/05/2017 - [EBA consults on scope of its draft guidelines on connected clients](#)
- 26/05/2017 - [EBA welcomes enhanced FX Global Code](#)
- 26/05/2017 - [EBA announces details of its 2017 EU-wide transparency exercise](#)

European Securities and Markets Authority (ESMA)

- 26/05/2017 - [MiFID II/MiFIR Opinion](#)
- 26/05/2017 - [Consultation on Money Market Funds Regulation](#)
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MFSA Licences – April 2017

NEW LICENCES

Collective Investment Schemes

Professional Investor Funds targeting Qualifying Investors

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

Professional Investor Funds targeting Experienced Investors

- Collective Investment Scheme licence issued to **Heritage SICAV plc** in respect of one sub-fund.
- Collective Investment Scheme licence issued to **Reitway Leveraged Global Property Portfolio (MLT) SICAV plc**.

Incorporated Cells

- Collective Investment Scheme licence issued to **Mistral KBCM Global Macro Hedge Fund IC SICAV plc**.

Notified Alternative Investment Funds targeting Professional and Qualifying Investors

- **Ariadne Capital ECO2 VC Limited Partnership** in respect of two sub-funds included in the List of Notified AIFs in terms of Regulation 6 of the Investment Services Act (List of Notified AIFs) Regulations 2016.
- **Alerce 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 licences issued to **ARIA SICAV plc** in respect of five sub-funds.
- Collective Investment Scheme licence issued to **AQA UCITS Funds 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.

Insurance

Underwriting agreement

- **Island Insurance Brokers Limited** was granted the registration of an underwriting agreement with Certain Underwriters at Lloyd's in seven classes of the general business in terms of article 32 of the Insurance Intermediaries Act, 2006.

Insurance Undertakings

- Licence issued to **Tulip Assist Insurance Limited** to carry on business of insurance in three classes of the general business.

Insurance Brokers

- **Keystone Brokers Limited** has been granted enrolment in the Brokers List.

- **CLS Risk Solutions Limited** has been granted enrolment in the Brokers List.

Investment Services

- Category 2 licence issued to **ReAPS Asset Management Limited**.
- Category 2 licence issued to **Audentia Capital Management Limited**.

Securitisation Vehicles

Cells

- Acknowledgement issued to **JCC ALTERNATIVE SIV N° 17 ETP CELL 3**.
- Acknowledgement issued to **Montecristo Cell**.

Company Service Providers

- Registration certificate issued to **Tradinvest International Limited**.
- Registration certificate issued to **JW Services Limited**.
- Registration certificate issued to **FundBPO (Malta) Services**.
- Registration certificate issued to **Bencini Demajo Corporate Limited**.

SURRENDERED LICENCES

Collective Investment Schemes

Professional Investor Funds targeting Qualifying Investors

- Surrender of licences issued to **Woodman Funds SICAV plc** in respect of three sub-funds.
- Surrender of licence issued to **Strategica Funds SICAV plc** in respect of one sub-fund.
- Surrender of licence issued to **The Absolute Return Multi-Strategy Fund (SICAV) plc**.
- Surrender of licence issued to **Valoris Fund SICAV plc**.

Professional Investor Funds targeting Extraordinary Investors

- Surrender of licence issued to **AUM Global Platform SICAV plc** in respect of one sub-fund.
- Surrender of licence issued to **Southern Cross SICAV plc** in respect of one sub-fund.

Alternative Investment Funds targeting Extraordinary Investors

- Surrender of licences issued to **EurAsia Alternative Investments Fund SICAV plc** in respect of two sub-funds.

UCITS

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

Trustees and Fiduciaries

- Surrender of authorisation issued to **Baltimore Fiduciary Services Limited**.

EXTENDED AND REVISED LICENCES**Collective Investment Schemes**

- Licence issued to **APS Funds SICAV plc** was converted from Non-UCITS to UCITS.

Investment Services

- Revision of licence issued to **AQA Capital Limited** to provide Nominee Services for Retail Clients and Professional Clients (excluding Collective Investment Schemes).
- Revision of licence issued to **Castille Capital Management Limited** to reflect the change in the nature of authorisation. The Company will qualify as an AIFM pursuant to Directive 2011/61/EU.
- Extension of licence issued to **Gamma Capital Markets Limited** to include the provision of Investment Advice to Retail Clients in relation to all the instruments listed in the Second Schedule and also to reflect that Nominee Services may be provided to Retail Clients and Professional Clients (excluding Collective Investment Schemes).
- Upgrade of licence issued to **Standard Advisory Services Limited** to provide Investment Advice and Management of Investments to Professional Clients (excluding Collective Investment Schemes) and Eligible Counterparties in relation to Transferable Securities and Money Market Instruments.

Registry of Companies - New Registrations – April 2017

Companies	Partnerships
430	11

Forthcoming Events

2017

9 June - [MFSA/EBI Conference - Reflections on competent authorities' "measures" in EU banking law](#)

Malta EU Council Presidency events:

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



MALTA EU 2017

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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