

## Moody's and DBRS upgrade Malta rating

Two international credit rating agencies have upgraded Malta's rating. DBRS has upgraded Malta's economy from 'A' to 'A high', the highest ever rating. On the other hand, Moody's modified its rating from 'A3 stable' to 'A3 positive', which is the first upgrade given by the agency to Malta since October 2013.

# MOODY'S



DBRS commented positively on the improvement in public finances. "Since DBRS's latest review, the projection of the general government debt ratio has been materially revised downwards due to more favourable growth prospects and stronger primary balances in coming years".

"The Maltese economy continues to power ahead," DBRS said, while Malta's economy "remains one of the top performers in the euro area". DBRS added that "Malta's political environment is broadly stable" and "the government is making additional efforts to improve governance and strengthen its institutional framework".

In its report, Moody's said the reason behind the positive revision, is "Malta's improving fiscal strength, due to a sustained pace of public sector debt reduction supported by prudent fiscal policy and containment of contingent liabilities".

Moody's sustain that a surplus of 1.5% was achieved in 2017, as against the 3.5% deficit in 2012. It noted that part of the improvement resulted from the "fiscal consolidation efforts and sustainably strong economic performance", which "if sustained, the improvement in fiscal strength will support the assignment of an A2 rating.

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## Malta: a firm captive domicile

Captive Review, a major international publication providing news and analysis for the risk management and captive insurance communities, has published a special feature on Malta, featuring an interview with MFSA Chairman Prof Joe Bannister.



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### What's Inside This Issue:

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In this interview, the MFSA Chairman, reflects on the reasons for Malta's recent awards success and the interest in flexible structures within the region. Malta was recently recognised as the best EU domicile for captive insurance in the European & UK Captive Awards 2017. When enquired on the key reasons for this award, Profs Bannister noted that "significant advantages lie in having a knowledgeable and accessible regulator, the Malta Financial Services Authority (MFSA), coupled with a very experienced professional workforce. From an operational perspective, Malta has a comparatively lower cost base when compared to other EU domiciles."

Prof Bannister added that "the country has an excellent business infrastructure with good telecommunications and a sophisticated European business environment. Malta's legislative framework is also innovative in that it caters for insurance set-up options considered to be relatively new and alternative in the context of the rest of the EU, such as the creation of Protected Cell Companies (PCCs). Additionally, and similar to other EU jurisdictions, insurance companies incorporated in Malta can passport directly, either through freedom of establishment or services to carry out cross border activities in other member states."

There are currently 63 companies licensed to carry out insurance business, which include 8 captives and 14 PCCs which additionally host a total of 34 cells between them. Of these 47 are non-life undertakings; eight life undertakings; two composites and six reinsurance companies. The licensed entities carry out various classes of insurance of insurance business.

Prof Bannister also looked positively at future trends, noting that insurance is developing into one of the fastest growing financial services sector and is expected to continue doing so.

The full interview is available on the MFSA Website through this [link](#).

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## MFSA Chairman participates in high profile PWM Roundtable

PWM (Professional Wealth Management) a leading industry publication by the Financial Times has brought together leading practitioners from across Europe to discuss key criteria for achieving business excellence in wealth management.

Amongst the participants, which featured top officials from institutions such as Credit Suisse, Boston Multi-Family Office and Sandaire Private Investment Office, was Prof Joe Bannister, MFSA Chairman. Professional Wealth Management (PWM) specialises in analysing the growth strategies of private banks and the regional financial centres in which they operate.

The event was chaired by Yuri Bender, editor-in-chief of PWM.

In this intervention, Prof Bannister spoke about the attractiveness of the Maltese financial services jurisdiction, noting how a number of portfolio management companies are bringing their business to Malta from the UK in the wake of Brexit.

Prof Bannister also noted that a well-known investment broker is looking to set up operations in Malta, with the possibility to eventually employ up to 80 persons locally. Nonetheless, Prof Bannister expressed his concern with regards to the future of London as a financial centre, pointing out that without London, a number of financial centres will suffer.



When asked about the typical size of Malta based companies, the MFSA Chairman noted that generally firms are small but very reputable and well organised, with a couple now exceeding a hundred employees.

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## **MFSA issues Feedback Statement on the proposed amendments to the Insurance Intermediaries Act**

On 3rd July 2017, the MFSA issued a Consultation Document on the proposed amendments to the Insurance Intermediaries Act (Cap.487), (“IIA”), (which is proposed to be renamed as the Insurance Distribution Act”), and to the Insurance Business Act (Cap.403), (“IBA”).

The purpose of the Consultation Document was to highlight the main changes proposed to be carried out to the IIA primarily as a consequence of transposing Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (recast), (the “Insurance Distribution Directive” or “IDD”). It was also proposed to carry out consequential amendments to the IBA so as to align the said Act with the proposed terminology and amendments to the IIA. In the said Consultation, the MFSA also issued the proposed Insurance Distribution (Exemption) Regulations, 2017, to be issued under the Insurance Distribution Act (“IDA”), which transpose some of the provisions of the IDD.

Further to the said Consultation Document, the MFSA has issued a feedback statement on the comments received in relation to the proposed amendments to the IIA and IBA. An outline of the main comments received and the MFSA’s position in relation thereto is provided in this feedback statement.

The transposition exercise of the IDD will necessitate amendments to the regulations issued under the IIA and IBA. As part of the said exercise, amendments will also be carried out to the current insurance intermediaries rules and new rules will be issued under the IDA. In this respect, the MFSA will introduce new requirements in accordance with the IDD and will also align the current insurance intermediaries rules with the terminology and the requirements of the IDD, which will be reproduced in the Chapters of a new single Insurance Distribution Rulebook.

A consultation document relating to the said rules will be issued shortly.

The Feedback Statement can be downloaded from: [goo.gl/Lr8FLh](http://goo.gl/Lr8FLh)

Any queries or requests for clarifications in respect of the above should be addressed by email on [ipsu@mfsa.com.mt](mailto:ipsu@mfsa.com.mt).

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## **Initial Public Offering and other Secondary Offerings or Placings or Debt Issuance**

In terms of Article 26(1) of MiFIR, investment firms which execute transactions in financial instruments are required report complete and accurate details of such transactions to the competent authority as quickly as possible, and no later than the close of the following working day.

Furthermore, Article 26(2) of MiFIR states that the reporting obligation applies to financial instruments which are admitted to trading or traded on a trading venue or for which a request for admission to trading has been made. This implies that IPOs for which a request for admission to trading has been made are required to be reported.

Reference is also made to Article 2 of Commission Delegated Regulation 2017/590 (EU) ('RTS 22') which states that, for the purposes of Article 26 of MiFIR, the conclusion of an acquisition or disposal of a financial instrument referred to in Article 26(2) of MiFIR shall constitute a transaction. RTS 22 goes on to define the term acquisition as including, inter alia, the purchase of a financial instrument.

Article 2(5) of RTS 22 contains a list of transactions which are not subject to the reporting obligation specified in Article 26 of MiFIR. ESMA has, through its guidelines on transaction reporting, order record keeping and clock synchronisation under MiFID II (ESMA/2016/1452) (the 'Guidelines'), clarified that initial public offerings are not excluded from the reporting obligation. In this respect, reference is made to paragraph 5.6.2.7 of the ESMA Guidelines, which states that where the activities in Article 2(5) of RTS 22 occur in relation to initial public offerings, secondary public offerings or placings or debt issuance, they should be reported.

In view of the above, the Authority would like to clarify that, in relation to initial public offerings and other secondary offerings or placings or debt issuance, investment firms are required report the transaction in accordance with Article 26 of MiFIR.

For additional details specifically relating to the reporting of initial public offerings, kindly refer to the Q&As published by ESMA on MiFIR Data Reporting (ESMA70-1861941480-56).

Should you have any queries on the above, please contact the Authority on:

[TransactionReporting@mfsa.com.mt](mailto:TransactionReporting@mfsa.com.mt)

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## Beneficial ownership Regulations come into force

The Registrar of Companies has drawn the attention of company directors and company service providers to the recently issued Legal Notice regarding information on the beneficial ownership of commercial partnerships.

The Companies Act (Register of Beneficial Owners) Regulations, 2017, which came into force on 1st January 2018 are implementing the relevant provisions on beneficial ownership information of Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015.

The following important changes should be noted:

- As from 1st January 2018, the documents required for the registration of a new commercial partnership (company or partnership) must include a declaration - Form BO1 – concerning information on the beneficial owners of the proposed commercial partnership as is required by the regulations (unless the commercial partnership is exempt from such requirement in terms of the same regulations).
- Commercial partnerships shall be required to hold adequate, accurate and current information on their beneficial owner(s) in their own beneficial owners' register which is to be set up for this purpose. Commercial partnerships registered before the coming into force of these regulations shall comply with these requirements by the end of June 2018.
- Commercial partnerships will be obliged to submit information on, or changes of, their beneficial owners to the Registrar of Companies in the prescribed manner. The Registrar shall enter the information on beneficial

owners in a register of beneficial owners kept for this purpose. Access to this register will be available to eligible persons as from 1 April 2018.

A “beneficial owner” is defined by reference to the definition assigned to it under the Prevention of Money Laundering and Funding of Terrorism Regulations.

The regulations do not apply to (i) a company which listed on a regulated market, and ii) a company whose registered shareholders are exclusively natural persons who are disclosed in the public records at the register of commercial partnerships maintained by the Registrar of Companies.

If in doubt about the new obligations and responsibilities emanating from this legislation, a company and its officers should seek appropriate legal advice.

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## Registration of new companies

As from the beginning of this year, the documents to be delivered to the Registry of Companies for the registration of a new company are to include a declaration, in the form prescribed (Form BO1), containing information on the beneficial owners of the company. This declaration is to be signed by two of the proposed directors of the company unless the company will have one director. The information, in respect of each beneficial owner, shall consist of the name, the date of birth, the nationality, the country of residence, an official identification document number indicating the type of document and the country of issue, and the nature and extent of the beneficial interest held.

Where a proposed company has no identifiable beneficial owner/s, the Registrar will accept a declaration to this effect, signed as aforesaid. A template of this declaration will be found on the ROC website.

A beneficial owner includes any natural person or persons who:

(i) ultimately own or control, whether through direct or indirect ownership or control, including, where applicable, through bearer share holdings, more than 25% of the shares or voting rights in that company; or (ii) otherwise exercise control over the management of that company.

These requirements do not apply to a company to be constituted where all the registered shareholders are natural persons whose details are disclosed in the Memorandum of Association submitted for the purpose of the registration of the company.

The Registrar will not be accepting any documents to register a new company unless the requirements of this regulation have been complied with.

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## Presentation on Strategic Interviewing

The MFSa’S Internal Audit Unit invited Mr Bram B. Van der Meer to deliver a presentation to MFSa Units on “Strategic Interviewing”. Mr Van der Meer, who is a psychologist and threat management professional, teaches at the Frankfurt School of Finance and Management in Germany, at Leiden University in The Netherlands, and at the Netherlands Police Academy.

Mr. Van der Meer operates internationally with his company and services organisations who consider themselves vulnerable to deviant or high risk behaviour demonstrated by employees, clients or in some cases individuals with no apparent connection to the organisation.

Mr John Sammut, MFSA Director – Internal Audit, welcomed Mr Van der Meer and stated that the main goal of such internal training was to continue to enhance the MFSA’s staff skills, particularly those who carry out audits, investigations and compliance visits, on more successful interviews. The training emphasised on the importance that interviewers should constantly be aware of the reliability of the information they are gathering during the interview and also to invest in gathering behavioural information about the person they are interviewing as science shows us that a good and solid working alliance is of crucial importance for a successful outcome. Participants had the opportunity to learn more about effective and ineffective interview strategies and techniques and also learned on real-life cases in which the interview was of crucial importance.



*Mr Bram B. Van der Meer delivering the presentation*

## **Hermes Linder Fund Class A awarded prestigious Thomson Reuters Lipper Award**

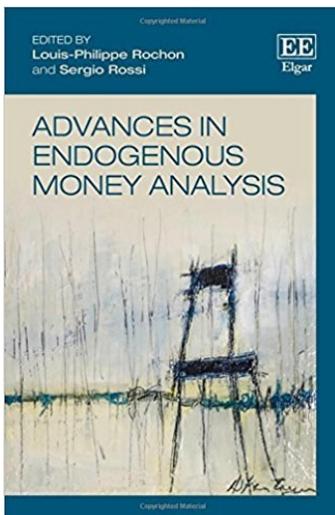
Hermes Linder Fund Class A (a sub fund of Hermes Linder Fund SICAV), a UCITS fund licenced by the MFSA and managed by Praude Asset Management was awarded the prestigious Thomson Reuters Lipper Award at the award-giving ceremony held on the 6th February 2018 in Zurich Switzerland.

Hermes Linder Fund placed first out of 237 funds within the category of ‘Equity Europe’ on a three year period.

For more than three decades and in over 20 countries worldwide, the Thomson Reuters Lipper Fund Awards have honoured funds and fund management firms that have excelled in providing consistently strong risk-adjusted performance relative to their peers. The Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure calculated over 36, 60 and 120 months. The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible classification wins the Lipper Fund Award.

## Book Review

*Advances in Endogenous Money Analysis* – Louis-Philippe Rochon & Sergio Rossi (eds) – Edward Elgar (2017).



Some of the more highly opinionated post-Keynesian debates about money happened in the 1980s and 1990s. Some would argue that in those debates money was given no more and no less than an “average” role, along with other vital economic issues. But in terms of pure historical assessment that is possibly a dangerous stance to take, because Robinson (1956), Kaldor (1970), Moore (1979) and Eichner (1987) had all, earlier on, shown concern with issues regarding central bank powers (the “real” powers) to increase money supply exogenously.

What this book does is to revive in a very wide manner all aspects of the discussion about endogenous money. It is a bringing together of the ideas of twenty brilliant researchers who basically write about three broad strands, viz endogenous money in the real world, endogenous money in economic thought, and, again, endogenous money in post-Keynesian analysis.

The books’ editors are, early on, factual in showing that the discussion can often be uncomfortably circumscribed around notions pertaining to horizontalists and structuralists. But then Knodell, using monetary history, Sergio Rossi writing about no reserve requirements systems, Levy-Orlik discussing liquidity and economic growth, and other writers here, show in very detailed and convincing manner that disagreements between horizontalists and structuralists arise from particular assumptions made about the general state of expectations of economic agents, or potentially even the appearance of totally unheralded specifics in national, bloc, or international conjunctures.

The span of this book is indeed enormous. It ranges from Scott Fulwiler’s academically didactic up-to-pre-2008 treatment, over 10 general principles, of central bank operations, our old friend from Yale Thomas Palley’s again revisiting the IS-LM model but in an endogenous money context, Yannis Panagopoulos and Aristotelis Spilliotis’ placing of euro area issues within the book’s overall theme, Noemi Levy-Orlik taking a development economics approach, and many other topical approaches to the overall theme.

At a time when most of the discourse about the financial services sectors of many countries, especially within the EU bloc, seems to have moved down a one-way-road from the dismantling of QE, Brexit, dull-conjuncture-in-or-out EU continued regulation manias, et cet, this book is a very welcome wake-up call to all of us not to forget that behind and underlying all that happens and is done daily in the markets are economic realities that are underpinned not only on past and present economic events, but also on the immovable scientific and theoretical realities of monetary economics. In the field of monetary economics this book is indeed the best performer from 2017.

John A. Consiglio

## MFSA Circulars

- 08/02/2018 - [Circular on the completion of Business of Insurance Intermediaries Statements](#)
- 08/02/2018 - [Circular on the completion of national specific templates forming part of Chapter 8 of the Insurance Rule Book](#)
- 16/02/2018 - [Circular to Credit Institutions including branches on the revised Draft ITS on Supervisory Reporting Templates](#)
- 19/02/2018 - [Circular to the financial services industry on changes to Banking Rule 13](#)
- 19/02/2018 - [Circular to the financial services industry on changes to Chapter 3 of the Insurance Rules issued under the Insurance Business Act \(CAP.403\)](#)
- 19/02/2018 - [Circular to the financial services industry on changes to Part A of the Investment Services Rules for Investment Services Providers](#)
- 20/02/2018 - [Circular on Markets in Financial Instruments Directive \('MiFID II'\) and Markets in Financial Instruments Regulation \('MiFIR'\)](#)
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## MFSA Feedback Statements

- 05/02/2018 - [Feedback Statement issued further to Industry Responses to MFSA Consultation Document on the Proposed Amendments to the Insurance Business Act and Insurance Intermediaries Act](#)
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## MFSA Warnings

- 27/02/2018 - [MFSA Warning - VSB Malta - https://www.vsbmalta.com/secure/](#)

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

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## European Supervisory Authorities' Announcements

- 01/02/2018 - [EBA launches 2018 EU-wide stress test exercise](#)
- 01/02/2018 - [ECB to stress test 37 euro area banks as part of the 2018 EU-wide EBA stress test](#)
- 02/02/2018 - [Announcement of EU CCP Stress Test Results](#)
- 13/02/2018 - [EBA - ESAs warn consumers of risks in buying virtual currencies](#)
- 19/02/2018 - [ECB instructs national supervisor to impose moratorium on ABLV Bank](#)
- 19/02/2018 - [Malta - A firm captive domicile](#)
- 22/02/2018 - [Statement by Danièle Nouy, chair of the Supervisory Board of the ECB](#)
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## MFSa Licences – February 2018

### New Licences

#### Securitisation Vehicles

##### *Notified Securitisation Vehicles*

- Acknowledgement issued to ***Pomegranate SCC PLC***
- Acknowledgement issued to ***Special Themes SCC Ltd***

##### *Cells*

- Acknowledgement issued to ***SI Projects ZERO Coupon AC Securities SCC Limited Cell Long Term Brazil Number One***
- Acknowledgement issued to ***AC Securities Cell 3 CCBA Crypto Currency Note***
- Acknowledgement issued to ***Cell Kout***

#### Collective Investment Schemes

##### *Professional Investor Funds targeting Qualifying Investors*

- Collective Investment Scheme licence issued to ***Cervus Global IC SICAV plc***

##### *Notified Alternative Investment Funds targeting Qualifying Investors*

- ***Bergholt SICAV plc*** 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.

#### Insurance

##### *Insurance Brokers*

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

#### Investment Services

- Category 1B Investment Services Licence to ***JC Advisory & Capital Limited***
- Category 1A Investment Services Licence to ***MFM Fund Services Limited***

**Extended and Revised Licences****Insurance**

- Extension of authorisation issued to **One Insurance Ltd** to carry on business of reinsurance in five classes of the general business.

**Investment Services**

- Revision of licence issued to **Scotstone Fund Managers Ltd** to reflect the extension of Licence to an Alternative Investment Fund Manager
- Revision of Category 2 Investment Services Licence to **Standard Advisory Services Limited (“the Company”)** to provide Investment Advice and Management of Investments to Professional Clients.

**Surrendered Licences****Investment Services**

- Surrender of Category 2 licence issued to **Oneka Asset Management Limited**
- Surrender of Category 2 licence issued to **Theorema Advisors Ltd**

**Collective Investment Schemes***Professional Investor Funds*

- Surrender of licence issued to **Infinity Capital SICAV plc** in respect of one sub-fund

*UCITS*

- Surrender of licence issued to **Nobelium Fund SICAV plc** in respect of two sub-funds
- Surrender of licence issued to **Solid Future UCITS Funds SICAV plc** in respect of one sub-fund

**Company Service Providers**

- Voluntarily cancellation of the registration issued to **Cordium Malta Limited**

**Registry of Companies - New Registrations – February 2018**

Companies	Partnerships
333	5

## Forthcoming Events



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](#).



Notabile Road, Attard BKR 3000, Malta

Phone: +356 21 44 11 55; Fax: +356 21 44 11 89

[www.mfsa.com.mt](http://www.mfsa.com.mt) [registry.mfsa.com.mt](http://registry.mfsa.com.mt) [mymoneybox.mfsa.com.mt](http://mymoneybox.mfsa.com.mt) [www.careersinfinance.mfsa.com.mt](http://www.careersinfinance.mfsa.com.mt)