

GLOSSARY OF TERMS

<u>Advertisement</u>	<p>Means any form or medium of marketing activity or communication, other than a prospectus, which promotes the purchase or procurement of a service, product or a financial instrument and which is addressed by a Regulated person to a client or potential client. An Advertisement shall not include the provision of a personal recommendation but shall include any advertisement which is disseminated to the public via all types of media.</p> <p>The form or medium of an advertisement may include any of the following:</p> <ul style="list-style-type: none"> • Addressed or unaddressed printed matter; • Electronic message or advertisement received via a mobile telephone or pager; • Standard letters; • Press advertising with or without order form; • Catalogue; • Telephone with or without human intervention; • Seminars and presentations • Radio; • Videophone; • Videotext; • E-mail • Fax • Television • Notice • Billboards • Posters • Brochures • Web posting including internet banners
<u>Advice</u>	<p>Means the provision of a personal recommendation to a client, either upon their request or at the initiative of the Regulated Person in respect of one or more transactions relating to Products.</p>
<u>Affiliated insurance company</u>	<p>Means a company which carries on the business of a company authorised in terms of the Insurance Business Act, whose head office is in Malta and which carries on business of insurance restricted to risks originating with shareholders or connected undertakings or entities and includes business carried on by an affiliated reinsurance company.</p>
<u>Ancillary insurance</u>	<p>Means an insurance intermediary, other than a credit</p>

<p><u>intermediary</u></p>	<p>institution or an investment firm, which conducts insurance distribution on an ancillary basis with respect to clearly identified insurance products, provided that all the following conditions are met:</p> <ul style="list-style-type: none"> I) the principal professional activity of the insurance distributor is other than insurance distribution; II) the insurance distributor only distributes certain insurance products that are complementary to a good or service; <p>the insurance products concerned do not cover life assurance or liability risks, unless that cover is incidental to the main cover.</p>
<p><u>Ancillary services</u></p>	<p>In the context of persons holding an investment services license within the meaning of the Investment Services Act, means any of the following services:</p> <ul style="list-style-type: none"> 1) Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management and excluding maintaining securities accounts at the top tier level; 2) Granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction; 3) Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings; 4) Foreign exchange services where these are connected to the provision of investment services; 5) Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments; 6) Services related to underwriting; 7) Investment services and activities as well as ancillary services of the type included under the First Schedule to the Investment Services Act or within this definition, related to the underlying of the derivatives included under points 5, 6, 7 and 10 of the Second Schedule to the Investment Services Act where these are connected to the provision of investment or ancillary services. <p>In the context of persons authorised to carry on the business of insurance under the Insurance Business Act or persons enrolled under the Insurance Intermediaries Act, 'ancillary services' shall be taken to mean any services as may be prescribed.</p>
<p><u>Client</u></p>	<p>Means a person who is the recipient of a product or service or is the purchaser of a service or product. In the context of insurance contracts, the term 'client' shall be construed as referring to 'customer' and shall also cover beneficiaries,</p>

	insured persons and policyholders. The term 'client' shall also be taken to refer to 'potential client' unless the context in which it is used infers otherwise.
<u>Compliance Officer</u>	Means the person appointed by the Regulated Person, responsible for ensuring compliance by the Regulated Person with its applicable licence conditions as well as any applicable legislation, rules and regulations.
<u>Contract of insurance</u>	Means any contract of insurance, as defined in the Insurance Business Act (Chapter 403, Laws of Malta), which shall also include an 'insurance-based investment product'.
<u>Dealing on own account</u>	Means trading against proprietary capital resulting in the conclusion of transactions in one or more financial instruments.
<u>Designated Person</u>	Means a person approved to act as Compliance Officer of a Regulated Person, including persons notified to the MFSA for specific regulatory purposes by Regulated Persons who are not required to appoint a Compliance Officer.
<u>Distributor</u>	<p>Means:</p> <ol style="list-style-type: none"> 1. any of the following persons: <ol style="list-style-type: none"> i. Any person authorised under the Insurance Business Act, the Insurance Intermediaries Act, or an investment services license holder within the meaning of the Investment Services Act; ii. A European insurance undertaking, a European insurance intermediary, or a European investment firm exercising a European right within the meaning of the 'European Passport Rights for Insurance and Reinsurance Undertakings Regulations', the 'European Passport Rights for Insurance Intermediaries Regulations' and the 'European Passport rights for Investment Firms Regulations', respectively ; <p>who:</p> <ol style="list-style-type: none"> a) takes up or pursues the activities of advising on, proposing or carrying out other work preparatory to the conclusion of contracts of insurance, concluding such contracts, or assisting in the administration and performance of such contracts, in particular in the event of a claim. This shall include an 'ancillary insurance intermediary'; or b) is involved in the following investment services as defined in the First Schedule to the Investment Services Act, with respect to a product: reception and transmission of orders in relation to one or more instruments, execution of orders on behalf of other

	<p>persons, management of investments, investment advice and placing of instruments without a firm commitment basis; and</p> <p>2. Any person licensed as a credit institution under the Banking Act who sells or advises clients in relation to structured deposits;</p> <p>Provided that any reference to a distributor shall be construed to refer to any of the above persons who intends to distribute a product or a structured deposit to clients resident in Malta.</p>
<u>Durable medium</u>	<p>Means any instrument which:</p> <p>a) enables a client to store information addressed personally to that client in a way accessible for future reference and for a period of time adequate for the purposes of the information ; and;</p> <p>b) allows the unchanged reproduction of the information stored.</p>
<u>Eligible counterparties</u>	<p>Means investment firms, credit institutions, insurance companies, UCITS schemes and their management companies, pension funds and their management companies, other financial institutions authorised or regulated under laws of the European Union or under Maltese law, national governments and their corresponding offices including public bodies that deal with public debt at national level, central banks and supranational organisations.</p>
<u>EEA State</u>	<p>Means a State which is a contracting party to the agreement on the European Economic Area signed at Oporto on the 2nd May, 1992 as amended by the Protocol signed at Brussels on the 17th March, 1993 and as amended by any subsequent acts.</p>
<u>European Insurance Intermediary</u>	<p>Shall have the same meaning as that assigned to it in the 'European Passport Rights for Insurance Intermediaries Regulations'</p>
<u>European Insurance Undertaking</u>	<p>Shall have the same meaning as that assigned to it in the 'European passport rights for insurance and reinsurance undertakings Regulations, 2004'</p>
<u>European Investment Firm</u>	<p>Shall have the same meaning as that assigned to it in the 'European Passport Rights for Investment Firms Regulations'.</p>
<u>European management company</u>	<p>Shall have the same meaning as that assigned to it in the 'Investment Services Act (UCITS Management Company Passport) Regulations'.</p>
<u>European regulatory authority</u>	<p>The body or bodies designated by a Member State or an EEA State other than Malta in accordance with any relevant</p>

	Directive, to carry out each of the duties provided for under the different provisions of such Directive.
<u>European UCITS Scheme</u>	Shall have the same meaning as that assigned to it in the 'Investment Services Act (Marketing of UCITS) Regulations'.
<u>Execution of orders on behalf of Clients</u>	Means acting to conclude agreements to buy or sell one or more financial instruments on behalf of clients and includes the conclusion of agreements to sell financial instruments issued by an investment firm or a credit institution at the moment of their issuance.
<u>Execution venue</u>	Means a regulated market, an MTF, a systematic internaliser or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing.
<u>Feeder UCITS scheme</u>	Means a UCITS or sub-fund thereof which has been approved to invest at least eighty five per cent of its assets in units of another UCITS or sub-fund thereof in terms of the UCITS Directive.
<u>Financial instrument</u>	Shall have the same meaning as the term 'instrument' as defined in the Investment Services Act (Chapter 370, Laws of Malta).
<u>Identified target market</u>	Means <u>a group of clients or potential clients</u> to whom a particular product or service is being offered by a Regulated Person, or for whom a manufacturer is developing a product.
<u>in good time</u>	<p>In determining what constitutes disclosure of information in good time, the Regulated Person shall have regard to:</p> <ul style="list-style-type: none"> a) the client's need for sufficient time to read, understand and take a decision on the basis on such disclosed information; and b) any specific circumstances or urgency, if any, which would affect the client's decision to be made on the basis on such disclosed information; c) the nature of the product or service which is the subject of the disclosure. <p>The Regulated Person should note that a client is likely to require less time to review information about a simple or standardised product or services, or a product or service of a kind he has purchased previously, than he would require for a more complex or unfamiliar product or service.</p>
<u>Inducement</u>	An inducement is a benefit offered by a third party to a Regulated person, or any person acting on its behalf, with a

	view to entice that Regulated person, or such other person, to adopt a particular course of action. This can include, but is not limited to, cash payments, cash equivalents, commission, goods, hospitality or training programmes.
<u>Information</u>	Means any material provided to clients or potential clients by the Regulated Person with the purpose to inform such clients or potential clients of any service, product or financial instrument.
<u>Inside Information</u>	Shall have the same meaning as that assigned to it in the 'Prevention of Financial Markets Abuse Act', Cap. 476 of the Laws of Malta.
<u>Insurance-based investment product</u>	<p>Means an insurance product which offers a maturity or surrender value and where that maturity or surrender value is wholly or partially exposed, directly or indirectly, to market fluctuations.</p> <p>Insurance-based investment products shall not include:</p> <ul style="list-style-type: none"> (a) non-life insurance products as listed in Annex I of Directive 2009/138/EC (Classes of Non-life Insurance); (b) life insurance contracts where the benefits under the contract are payable only on death or in respect of incapacity due to injury, sickness or infirmity; (c) pension products which, under national law, are recognised as having the primary purpose of providing the investor with an income in retirement, and which entitles the investor to certain benefits; (d) officially recognised occupational pension schemes falling under the scope of Directive 2003/41/EC or Directive 2009/138/EC; (e) individual pension products for which a financial contribution from the employer is required by national law and where the employer or the employee has no choice as to the pension product or provider.
<u>Insurance intermediary</u>	Means any natural or legal person, other than an insurance or reinsurance undertaking, who, for remuneration, takes up or pursues the activity of insurance distribution.
<u>Insurance undertaking</u>	Means a direct life or non-life insurance undertaking which has received authorisation from the regulatory authority of the home member state
<u>Issuer</u>	Means any Company or other legal person or undertaking (including a Public Sector Issuer), any class of whose securities have been authorised as admissible to trading on a Regulated Market, a Multilateral Trading Facility or an Organised Trading Facility.

<u>Key Investor Information Document</u>	Means the document relating to a UCITS scheme containing key information for investors about the essential characteristics of the scheme to enable investors to understand the nature and risks of the investment product that is being offered to them, and should meet the requirements of section 6.2 of Part BII of the Investment Services Rules for Retail Collective Investment Schemes.
<u>Linked long-term contract of insurance business</u>	Means effecting and carrying out contracts of insurance on human life or contracts to pay annuities on human life where the benefits are wholly or partly to be determined by reference to the value of, or the income from, property of any description (whether or not specified in the contracts) or by reference to fluctuations in, or in an index of, the value of property of any description (whether or not so specified).
<u>Locals</u>	Means traders on future exchanges who may fill public orders occasionally, but will predominantly buy and sell for their own personal accounts
<u>Long-term insurance business</u>	Means business of insurance of any of the classes specified in the Second Schedule to the Insurance Business Act (Cap.403, Laws of Malta)

<u>Management body</u>	<p>Means the person/s who either as a body constituted pursuant to law or as members of such body:</p> <ul style="list-style-type: none"> a. are authorised to represent the company in dealings with third parties and in legal proceedings; and b. take part in the administration, supervision or control of the company. <p>In the case of natural persons, this function shall be deemed to vest in the individual himself.</p>
<u>Manufacturer</u>	<p>Means any of the following persons who is responsible for the development and issuance of a product or makes changes to, or combines existing products:</p> <ul style="list-style-type: none"> i. Any person authorised under the Insurance Business Act, or an investment services licence holder within the meaning of the Investment Services Act; ii. A European insurance undertaking, or a European investment firm, provided that the clients to whom such products are to be offered by such firms, include clients resident in Malta; iii. Any person licensed as a credit institution under the Banking Act which manufactures structured deposits.
<u>Master UCITS</u>	<p>Means a UCITS which:</p> <ul style="list-style-type: none"> (a) has, among its unit-holders, at least one feeder UCITS; (b) is not itself a feeder UCITS; and (c) does not hold units of a feeder UCITS.
<u>Member State</u>	<p>Means a Member State of the European Union</p>
<u>MFSA</u>	<p>Means the ‘Malta Financial Services Authority’</p>
<u>Multilateral trading facility / MTF</u>	<p>Means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract in accordance with Title II of MiFID II.</p>
<u>Non-Member State</u>	<p>Means any state which is not a Member State of the European Union.</p>
<u>Offer of securities to the public</u>	<p>Shall have the same meaning as that assigned to it under Article 2(3) of the Companies Act (Chapter 386, Laws of Malta).</p>

<p><u>Personal Recommendation</u></p>	<p>Means a recommendation that is made to a person in his capacity as a Client or in his capacity as an agent of a Client. That recommendation shall be based on a consideration of the circumstances of that person and shall constitute a recommendation to take one of the following steps:</p> <ul style="list-style-type: none"> a) to buy, sell, subscribe for, exchange, redeem, hold or underwrite a particular Product b) to exercise or not to exercise any right conferred by a particular Product to buy sell, subscribe for, exchange, or redeem a Product. <p>A recommendation is not a 'personal recommendation' if it is issued exclusively to the public.</p>
<p><u>Portfolio management</u></p>	<p>Means managing portfolios in accordance with mandates given by clients on a discretionary client-by-client basis where such portfolios include one or more financial instruments.</p>
<p><u>Product</u></p>	<p>Means any financial instrument or contract of insurance or Structured Deposit.</p>
<p><u>Product Governance and Oversight Arrangements</u></p>	<p>Refers to the responsibilities of manufacturers and distributors, to organise processes, functions and strategies aimed at designing, operating and bringing products to the market as well as offering such products to clients, and reviewing them over the life of the product in order to minimise potential client detriment, avoid potential conflicts of interest and ensure that the interests and objectives of target markets are duly protected.</p>
<p><u>Professional Client</u></p>	<p>Means a client who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs. The following should all be regarded as professionals in all investment services and activities and with respect to all the financial instruments mentioned in Schedule 2 to the Investment Services Act, 1994:</p> <ul style="list-style-type: none"> a. Entities which are required to be authorised or regulated to operate in the financial markets. The list below should be understood as including all authorised entities carrying out the characteristic activities of the entities mentioned: entities authorised by a Member State under a Directive, entities authorised or regulated by a Member State without reference to a Directive, and entities authorised or regulated by a non-Member State: <ul style="list-style-type: none"> i. Credit Institutions ii. Investment Firms iii. Other authorised or regulated financial institutions

	<p>iv. Insurance Companies</p> <p>v. Collective investment schemes and management companies of such schemes</p> <p>vi. Pension funds and management companies of such funds</p> <p>vii. Commodity and commodity derivatives dealers</p> <p>viii. Locals</p> <p>ix. Other institutional investors</p> <p>b. Large undertakings meeting two of the following size requirements on a company basis:</p> <ul style="list-style-type: none"> • balance sheet total: EUR20,000,000 • net turnover: EUR40,000,000 • own funds: EUR2,000,000 <p>c. National and regional governments, public bodies that manage public debt, Central banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organisations.</p> <p>d. Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.</p> <p>Clients not falling under any of the above categories, including public sector bodies, local public authorities, municipalities and private individual investors may also be treated as professional clients upon request subject to the conditions and procedure set out in Section 2 of Part B of the Investment Services Rules for Investment Services Providers.</p>
<p><u>Register</u></p>	<p><u>Means any of the following registers or lists:</u></p> <ul style="list-style-type: none"> i. The “Agents List” established and maintained in terms of article 9 of the Insurance Intermediaries Act, comprising the list of persons acting as insurance agents; ii. The “Agents Register” established and maintained in terms of article 7 of the Insurance Intermediaries Act, of persons (individuals) carrying on the insurance intermediaries activities of insurance agents; iii. The “Brokers List” established and maintained in terms of article 9 of the Insurance Intermediaries Act, comprising the list of persons carrying on business as insurance brokers; iv. The “Brokers Register” established and maintained in terms of article 7 of the Insurance Intermediaries Act, of persons (individuals) carrying on the insurance intermediaries activities of insurance brokers;

	<ul style="list-style-type: none"> v. The “Managers List” established and maintained in terms of article 9 of the Insurance Intermediaries Act, comprising the list of persons carrying on business as insurance managers; vi. The “Managers Register” established and maintained in terms of article 7 of the Insurance Intermediaries Act, of persons (individuals) carrying on the insurance intermediaries activities of insurance managers; vii. The “Tied Insurance Intermediaries List” established and maintained in terms of article 36 of the Insurance Intermediaries Act, comprising the list of persons carrying out tied insurance intermediaries activities; viii. The “Insurance Principal” List, , comprising the list of persons authorised to carry on the business of insurance under the Insurance Business Act; ix. The “Investment Firm List” List, established and maintained in terms of article XXX of the Investment Services Act, comprising the list of persons licensed under the Investment Services Act to provide investment services except fund management services; x. The “Investment Advisors” List, e established and maintained in terms of article XXX of the Investment Services Act, comprising the list of approved by the MFSA provide investment advice and/or portfolio management services; xi. The “UCITS Management Companies” List, established and maintained in terms of article XXX of the Investment Services Act, comprising the list of persons licensed under the Investment Services Act to provide fund management services to UCITS Schemes; xii. The “Approved Persons Register”, established and maintained in terms of article XXX of the Investment Services Act, article XXX of the Insurance Business Act and article XXX of the Insurance Intermediaries Act, comprising persons approved to act as Compliance Officers of a Regulated Person. This list shall also include persons notified to the MFSA for specific regulatory purposes by Regulated Persons who are not required to appoint a Compliance Officer.
<u>Regulated Activity</u>	Means any activity which would require an authorisation, license, enrolment or registration in terms of the Investment Services Act, the Insurance Business Act , the Insurance Intermediaries Act, the Banking Act or the Financial Institutions Act.
<u>Regulated Person</u>	<p>Means any of the following persons:</p> <ul style="list-style-type: none"> i. persons holding an investment services license within the meaning of the Investment Services Act, other than

	<p>Alternative Investment Fund managers or person licensed to act as custodians in relation to a collective investment scheme, in terms of the said Act, including a European investment firm which has established a branch in Malta in exercise of a European right in terms of the ‘European Passport rights for Investment Firms Regulations’ and a European management company which has established a branch in Malta in terms of the ‘Investment Services Act (UCITS Management Company Passport) Regulations, in so far as it provides MiFID services in terms of Article 6(3) of the UCITS IV Directive or if it markets its UCITS in Malta;</p> <ul style="list-style-type: none"> ii. persons registered under the Investment Services Act (Tied Agents) Regulations, 2007; iii. persons authorised to carry on the business of insurance under the Insurance Business Act, including a European insurance undertaking which has established a branch in Malta in exercise of a European right in terms of the ‘European Passport Rights for Insurance and Reinsurance Undertakings Regulations’; iv. persons enrolled under the Insurance Intermediaries Act to act as insurance brokers, insurance agents, insurance managers or tied insurance intermediaries, including a European insurance intermediary which has established a branch in Malta in exercise of a European right in terms of the ‘European Passport Rights for Insurance Intermediaries Regulations’; v. persons licensed as credit institutions under the Banking Act who sell or advise clients in relation to structured deposits.
<p><u>Reinsurance</u></p>	<p>Means the activity consisting in accepting risks ceded by an insurance undertaking or by another reinsurance undertaking.</p>
<p><u>Relevant Person</u></p>	<p>Shall mean any of the following:</p> <ul style="list-style-type: none"> a) a director, partner or equivalent, or manager of the Regulated Person; b) an employee of the Regulated Person , as well as any other natural person whose services are placed at the disposal and under the control of the Regulated Person and who is involved in the provision by the Regulated Person of Products and Services; c) a person who is directly involved in the provision of services to the Regulated Person under an outsourcing arrangement for the purpose of the provision by the Regulated Peron of Products and Services.

<u>Retail Client</u>	Means a client who is not a professional client.
<u>Service</u>	Means: <ul style="list-style-type: none"> i. an investment service within the meaning of the Investment Services Act, 1994; ii. services provided by a tied agent within the meaning of the Investment Services Act (Tied Agents) Regulations, 2007; iii. the provision of the business of insurance in terms of the Insurance Business Act, or the carrying out of insurance intermediaries activities within the meaning of the Insurance Intermediaries Act.
<u>Structured Deposit</u>	Means a deposit which is fully repayable at maturity on terms under which interest or a premium will be paid or is at risk, according to a formula involving factors such as: <ul style="list-style-type: none"> (a) an index or combination of indices, excluding variable rate deposits whose return is directly linked to an interest rate index such as Euribor or Libor; (b) a financial instrument or combination of financial instruments; (c) a commodity or combination of commodities or other physical or non-physical non-fungible assets; or (d) a foreign exchange rate or combination of foreign exchange rates.
<u>Structured Products</u>	Means compound financial instruments that have the characteristics of combining a base financial instrument with an embedded derivative that provides economic exposure to reference assets, indices or portfolios.
<u>Third Country</u>	Means a country which is not an EU or an EEA Member State.
<u>Tied Agent</u>	Means a natural person or legal person, who under the full and unconditional responsibility of only one investment firm on whose behalf it acts, promotes investment and, or ancillary services to clients or prospective clients, receives and transmits instructions or orders from the client in respect of investment services or instruments, places instruments or provides advice to clients or prospective clients in respect of those instruments or services. For the purposes of persons licensed as insurance intermediaries, tied agent shall refer to a “tied insurance intermediary” as defined hereunder.

<u>Tied insurance intermediary</u>	Shall mean a person carrying on tied insurance intermediaries activities in terms of paragraph 4 of the Third Column of the Schedule to the Insurance Intermediaries Act (Cap.487, Laws of Malta) and any person who carries on insurance intermediaries activities, in addition to his principal professional activity, shall also be considered as a tied insurance intermediary acting under the responsibility of a company authorised or any person deemed authorised, under the Insurance Business Act, to carry on business of insurance for the products offered on its behalf if the insurance is complementary to the goods supplied or services provided in relation to his principal professional activity, whether or not the person collects premiums or amounts intended for the policyholder concerned.
<u>Trading Venue</u>	Means a regulated market, a multilateral trading facility (MTF) or an organised trading facility (OTF) in terms of paragraphs 21-23 of Articles 4(1) of Directive 2014/65/EU.
<u>UCITS</u>	Means a collective investment scheme, whether constituted as a unit trust or as an open-ended investment company, falling within the scope of and authorised in terms of the UCITS Directive.
<u>UCITS Directive</u>	Directive 2009/65/EC of the European Parliament and of the Council of the 13 th July, 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as amended by Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending as regards depositary functions, remuneration policies and sanction.
<u>UCITS Management Company</u>	A person licensed by the MFSA under the Investment Services Act, 1994 to provide the service of the management of investments (in relation to a collective investment scheme), and the regular business of which is the management of UCITS.