

# MFSA

## MALTA FINANCIAL SERVICES AUTHORITY

### Updated version of Part B II of the Investment Services Rules for Retail Collective Investment Schemes and the Glossary thereto.

25<sup>th</sup> March 2008

The MFSA has issued a revised version of Part B II of the Investment Services Rules for Retail Collective Investment Schemes and of the Glossary to these Rules. Part B II deals with the Standard Licence Conditions (“SLCs”) for Malta based UCITS Collective Investment Schemes.

The following table gives a synopsis of the changes effected primarily consist of clarifications to existing SLCs which were necessary to more accurately transpose the requirements of the Directive 85/611/EEC (“UCITS Directive”) and Commission Directive 2007/16/EC (“the UCITS Implementing Directive”).

SLC Amended	Amendment	Reason
<b>Part B II - Standard Licence Conditions for Malta Based UCITS Schemes</b>		
SLC 2.16	Removal of the requirement of the Custodian of a UCITS scheme based in Malta to be incorporated in Malta and retention solely of requirement for it to have an established place of business in Malta and removal of reference to ‘financial institution’.	To align this more closely to SLC2.15 of Part B I, also taking into account the eligibility criteria for Maltese Custodians set out in SLC9.02 of Part B of the Investment Services Rules for Investment Services Providers.
SLC 4.4 relating to transferable securities	a. Inclusion of a cross reference also to SLC 5.5.  b. Inclusion of new	a. To more accurately transpose the requirements of Article 2(1) of the UCITS Implementing Directive.  b. To more accurately transpose the

	paragraph dealing with the treatment of certain transferable securities embedding a financial derivative.	requirements of Article 2(3) of the UCITS Implementing Directive.
SLC 4.12 (ii) relating to financial derivative instruments	Deletion of cross reference to SLCs 4.2 and 4.3.	To more accurately transpose the requirements of Article 8 (2)(b) of the UCITS Implementing Directive.
SLC 4.12 (iii) relating to financial derivative instruments	Deletion of cross reference to SLC 4.14.	To more accurately transpose the requirements of Article 8 (2)(c) of the UCITS Implementing Directive.
SLC 4.17	The requirements indicated in points (i) and (ii) of this SLC have been made mutually exclusive ('or') rather than cumulative ('and').	To better reflect CESR's Guidelines concerning eligible assets for investment by UCITS entitled "The classification of hedge fund indices and financial indices." July 2007. (CESR/07-434)
SLC 5.11	Deletion of cross references to SLC 5.12 and 5.14.	To more accurately transpose the requirements of Article 23 of the UCITS Directive.
SLC 5.15/5.23	The reference to credit rating has been extended to include such other rating acceptable to the MFSA apart from A (Standards & Poor's) and A2 (Moody's).	To provide more flexibility to MFSA to accept counterparties with a different credit rating.
SLC 5.20	Deletion of cross reference to SLC 5.8	To more accurately transpose the requirements of Article 21(3) of the UCITS Directive.
SLC 5.22	Deletion of cross references to SLC 5.26 and 5.27.	To more accurately transpose the requirements of Article 21(3) of the UCITS Directive.
SLC 5.36	Inclusion of new cross references to SLCs 5.6 to 5.10 (relating to investments in transferable securities and money market instruments), 5.12 (relating to deposits	To more accurately transpose the requirements of Article 22(5) of the UCITS Directive.

	with credit institutions), 5.14 (relating to transactions in financial derivative instruments for investment and/or efficient portfolio management purposes) 5.35 and 5.36 (dealing with general restrictions on single issuer exposures).	
SLC 5.50	Deletion of cross references to SLCs 5.26, 5.27 and 5.33.	To more accurately transpose the requirements of Article 41 of the UCITS directive.
<b>Glossary</b>		
“Transferable Securities”	The criteria which must be satisfied by units in closed ended funds to be considered as “transferable securities” are amended to include those criteria included in SLC 4.4 of Part B II to the Rules	To more accurately transpose the requirements of Article 2(2)(a)(i) of the UCITS Implementing Directive.

A copy of the updated version of Part B II of the Investment Services Rules for Retail Collective Investment Schemes and of the Glossary thereto is available on the Authority’s website.

### Contacts

Any queries regarding the above may be addressed to :

**Dr. Sarah Pulis**

Tel: 2548 5232

Email: [spulis@mfsa.com.mt](mailto:spulis@mfsa.com.mt)

**Mr Karl Mercieca**

Tel: 2548 5134

Email: [kmercieca@mfsa.com.mt](mailto:kmercieca@mfsa.com.mt)