

Circular regarding the EU Capital Requirements Directives ('CRD')

14th March 2008

This Circular is being addressed to Investment Services Licence Holders and their auditors.

The MFSA invites comments by not later than the 14th April, 2008 on this consultation document. Interested parties are to send their comments in writing addressed to the Director – Securities Unit.

Background

The MFSA - Securities Unit issued three previous circulars dealing with the CRD and its transposition into the local regulatory framework for Investment Services Licence Holders.

The first circular, which was issued on the 21st August, 2006, had the purpose of outlining the MFSA's plans with respect to the implementation of the CRD to Investment Services Licence Holders. This circular was followed by another circular issued on the 6th December 2006 which circular had the purpose of providing the industry with the opportunity to comment on the investment services rules [at the time these were still in draft] which had the purpose of transposing the CRD Pillar I requirements applicable to Investment Services Licence Holders on a solo basis.

The third circular dealing with this EU directive, which was issued by the MFSA-Securities Unit on the 10th January, 2007, was *inter alia* aimed at providing the industry with the opportunity of commenting on the New Automated Financial Return. The new rules which transposed the CRD Pillar I requirements which apply to Licence Holders on a solo basis and the new automated financial return came into force on the 31st January, 2007.

Today's circular, which is MFSA – Securities Unit's fourth circular on the implementation of the CRD, has the purpose of: [a] outlining the manner in which the Unit intends to transpose the CRD Pillar I requirements on consolidated supervision; and [b] serving as a first consultation document on the transposition of the CRD Pillar I requirements on consolidated supervision.

The MFSA – Securities Unit’s transposition of the CRD Pillar I requirements on consolidated supervision

The MFSA - Securities Unit is planning to transpose the CRD Pillar I requirements on consolidated supervision *inter alia* through:

- [a] changes to Part B of the Investment Services Rules for Investment Services Providers. A new section in Part B of the Investment Services Rules for Investment Services Providers is being included with the purpose of transposing the general consolidated financial resources and financial reporting requirements;
- [b] the introduction of a new Appendix 3 A. This appendix has the purpose of [i] describing the general consolidated financial resources requirement; and [ii] providing the industry with guidance on the compilation of the Financial Return for consolidations; and
- [c] the introduction of a financial return for consolidations. The financial return will be included as Appendix 3 B to Part B of the Investment Services Rules for Investment Services Providers.

This consultation document deals with: [i] the changes to Part B of the Investment Services Rules for Investment Services Providers; [ii] the new Appendix 3 A; and [iii] the new financial return for consolidations – Appendix 3 B.

Changes to Part B of the Investment Services Rules for Investment Services Providers.

Seven new licence conditions will be added to Section 7 of Part B of the Investment Services Rules for Investment Services Providers. These new licence conditions, a copy of which are attached as annex I to this consultation document, have *inter alia* the purpose of: [a] requiring Licence Holders to assess whether they form part of an Investment Services Consolidation Group and, where they form part of such group to request their auditor’s opinion in this regard; [b] stipulating the consolidated financial resources requirement; [c] stipulating the financial reporting requirements applicable to Licence Holders which form part of an Investment Services Consolidation Group; and [d] stipulating the sanctions which the MFSA may impose on Licence Holders which are in breach of the requirements of Section 7 of Part B of the Investment Services Rules for Investment Services Providers.

Appendix 3 A of Part B of the Investment Services Rules for Investment Services Providers

The CRD Pillar I requirements for consolidated supervision are mainly being transposed through the new Appendix 3 A of Part B of the Investment Services Rules for Investment Services Providers. A copy of this new Appendix is attached, for your consideration, as annex II to this consultation document. This Appendix: [a] details the consolidated financial resources requirement; [b] defines an Investment Services

Consolidation Group; [c] lists the scenarios where an Investment Services Consolidation Group is exempt from the financial resources requirement; [d] lists the undertakings which form part of Investment Services Consolidation Group, which need not be included within the group for the purposes of consolidated capital requirements; [e] explains the form and extent of consolidation; [f] defines the consolidated capital resources; [g] outlines the components of the consolidated capital resources requirement; [h] provides guidance for the compilation of the financial return for consolidations; [i] includes certain supplementary requirements; and [j] refers to co-operation with other competent authorities for establishing responsibility for exercising consolidated supervision on a consolidated basis.

Financial Return for Consolidations - Appendix 3 B of Part B of the Investment Services Rules for Investment Services Providers

The automated Financial Return for Consolidations is the new Appendix 3 B of Part B of the Investment Services Rules for Investment Services Providers. The Financial Return for Consolidations applies similar methodology, and has the same format as the Automated Financial Return, i.e. Appendix 2 of Part B of the Investment Services Rules for Investment Services Providers.

A copy of this new Appendix is attached for your consideration and testing, as annex III to this consultation document.

Contacts

Should you have any queries regarding the above or the attached annexes, please do not hesitate to contact:

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Proposed Conditions applicable to a Licence Holder which forms part of an Investment Services Consolidation Group

SLC 7.39

The Licence Holder shall, by not later than the end of one month from its accounting reference date, assess whether it forms part of an Investment Services Consolidation Group, as defined in Appendix 3 A to these Rules, and provide the Authority with an explanation to this effect.

SLC 7.40

Where the Licence Holder considers that it forms part of an Investment Services Consolidation Group, it shall in turn request its auditor's opinion in this regard, in terms of the definition of an Investment Services Consolidation Group, as defined in Appendix 3 A to these Rules. The Licence Holder's auditor shall, in its annual report made in terms of SLC 7.32, provide the MFSA with an opinion as to whether: **[a]** the Licence Holder forms part of an Investment Services Consolidations Group as defined in Appendix 3 A to these Rules; and **[b]** the Investment Services Consolidated Group is in surplus or otherwise of the consolidated financial resources requirement.

SLC 7.41

The Licence Holder which forms part of an Investment Services Consolidation Group shall ensure that the Investment Services Consolidation Group at all times maintains consolidated own funds which are equal to or in excess of the consolidated capital resources requirement. This shall constitute the Investment Services Consolidation Group's consolidated financial resources requirement.

SLC 7.42

The Licence Holder which forms part of an Investment Services Consolidation Group shall prepare an Annual Consolidated Financial Return in the form set out in Appendix 3 B. This shall be signed by at least two directors or any other persons authorised to sign by way of a Board Resolution. In the latter case, the Licence Holder is expected to provide a certified true copy of such Board Resolution to the MFSA. The Consolidated Annual Financial Return shall be submitted to the MFSA within one month of the Accounting Reference Date.

SLC 7.43

In addition to the Consolidated Annual Financial Return, a Category 2 Licence Holder and a Category 3 Licence Holder which form part of an Investment Services Consolidation Group shall, at a date six months after the Accounting Reference Date, prepare an Interim Consolidated Financial Return. The Consolidated Interim Financial Return shall be submitted to the MFSA within one month of the date up to which it has been prepared. In the event of a change in the Accounting Reference

Date, the date for the preparation of the Consolidated Interim Financial Return shall be agreed with the MFSA.

SLC 7.44

Licence Holders shall, where applicable ensure compliance with this section of the Investment Services Rules for Investment Services Providers and Appendix 3 A to these Rules. Any Licence Holder which is found to be in breach of these requirements may be subject to regulatory action as per article 136 of Directive 2006/48/EC of the European Parliament and the Council relating to the taking up and pursuit of the business of credit institutions.

SLC 7.04 [A]

Licence Holders shall ensure compliance with this section of the Investment Services Rules for Investment Services Providers and Appendix 1 to these Rules. Any Licence Holder which is found to be in breach of these requirements may be subject to regulatory action as per article 136 of Directive 2006/48/EC of the European Parliament and the Council relating to the taking up and pursuit of the business of credit institutions.

INVESTMENT SERVICES RULES FOR INVESTMENT SERVICES PROVIDERS

PART B: STANDARD LICENCE CONDITIONS

Appendix 3 A

Draft Consolidated Financial Resources Requirement and Guidance on the compilation of the Financial Return for Consolidations

This Appendix:

- a. details the consolidated financial resources requirement;
- b. defines an Investment Services Consolidation Group;
- c. lists the scenarios where an Investment Services Consolidation Group is exempt from the consolidated financial resources requirement;
- d. lists the undertakings which form part of Investment Services Consolidation Group, which need not be included within the group for the purposes of the consolidated capital requirement;
- e. explains the form and extent of consolidation;
- f. defines the consolidated capital resources;
- g. outlines the components of the consolidated capital resources requirement;
- h. explains the manner in which [i] the components of the financial resources requirement and [ii] the Financial Return for Consolidations which Licence Holders forming part of an Investment Services Consolidation Group are required to submit to the Malta Financial Services Authority in terms of the Investment Services Rules should be completed;
- i. lists the supplementary requirements for Licence Holders which are subsidiaries of a financial holding company;
- j. outlines the supplementary requirements for mixed activity holding companies; and

- k. outlines the co-operation with other competent authorities for the purpose of establishing responsibility for exercising consolidated supervision on a cross-border basis

1.0 The Consolidated Financial Resources Requirement

- 1.1 In terms of SLC 7.41 of Part C I of the Investment Services Rules for Investment Services Providers, a Licence Holder which forms part of an Investment Services Consolidation Group is required to ensure that the Investment Services Consolidation Group at all times maintains consolidated own funds which are equal to or in excess of the consolidated capital resources requirement. This shall constitute the Investment Services Consolidation Group's consolidated financial resources requirement.

The MFSA considers consolidated supervision as a complement to and not a substitute for supervision on a solo basis.

2.0 Investment Services Consolidation Group

- 2.1 An Investment Services Consolidation Group shall exist where a group of companies, which falls within the scope of the term "group" in the Companies Act, 1995 has, [I] its parent established in Malta; and [II] at least one of its members that is a Licence Holder and another member that is either: [a] a credit institution licensed in Malta or outside Malta, being any person carrying on the business of banking, and unless otherwise stated, shall include an electronic money institution [applicable only where the Licence Holder is the parent undertaking and the credit institution is the subsidiary undertaking], or [b] is another Licence Holder, or [c] a foreign investment services provider, being an entity established outside Malta which carries out activities which are similar to licensable activities carried out by a Licence Holder.

There shall be two forms of an Investment Services Consolidation Group, these being: [I] a Local Investment Services Consolidation Group, being a group whose members are all established in Malta; and [II] an International Investment Services Consolidation Group, being a group, having one or more of the members established outside Malta. Unless specified otherwise the term "Investment Services Consolidation Group" shall refer to both a Local Investment Services Consolidation Group and an International Investment Services Consolidation Group.

- 2.2 Not all members of a group which is an Investment Services Consolidation Group should be considered part of the Investment Services Consolidation Group. Only the following types of entities within a group which is an Investment Services Consolidation Group should be considered as members of the said Investment Services Consolidation Group:
- i. Licence Holders and foreign investment services providers;
 - ii. credit institutions licensed in Malta or outside Malta;

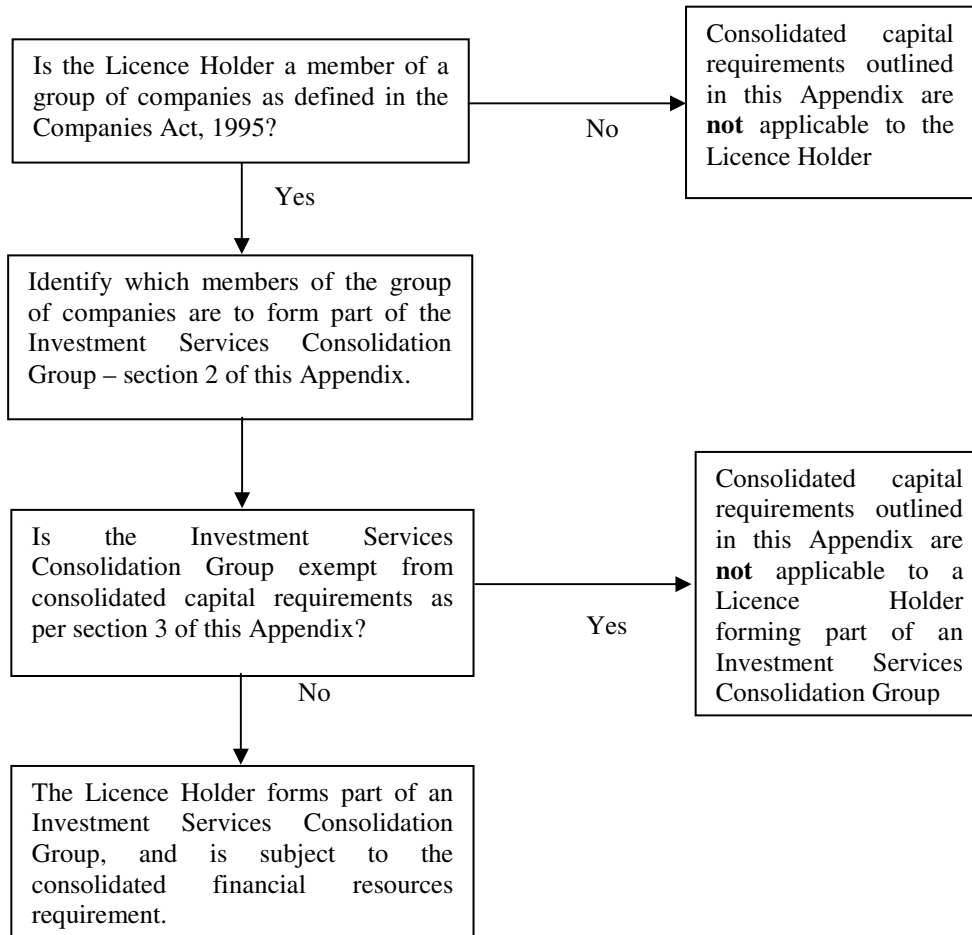
- iii. a financial holding company, being a company established in Malta, the sole purpose of which is to acquire holdings in other undertakings and to manage such holdings and turn them to profits, without involving itself directly or indirectly in the management of those undertakings, and this without prejudice to its rights as shareholder; and
- iv. a mixed activity holding company, being a holding company, established in Malta, other than a Licence Holder, a credit institution licensed under the Banking Act, 1994 or a financial holding company.

3.0 Exemptions

In the following scenarios, an Investment Services Consolidation Group shall be exempt from the consolidated financial resources requirement:

- i. where the only Licence Holder that is a member of the group is solely licensed to act as trustee or custodian in relation to collective investment schemes;
- ii. where the only Licence Holder that is a member of the group provides management services in relation to collective investment schemes (excluding a UCITS Manager licensed in terms of the Undertakings for Collective Investment in Transferable Securities Regulations, 2004 as amended);

4.0 Diagram illustrating the manner in which Licence Holders may assess whether they form part of a group which is an Investment Services Consolidation Group:



5.0 List of undertakings which form part of an Investment Services Consolidation Group which need not be included within the group, for the purposes of the consolidated capital requirement

5.1 The MFSA may, upon sufficient evidence being provided by the Licence Holder decide that undertakings which form part of an Investment Services Consolidation Group need not be included within the group for the purposes of the consolidated capital resources requirement, where one or more of the following conditions is/are present:

- i. where the member of an International Investment Services Consolidation Group is situated in a country where there are legal impediments for the transfer of information required for consolidated supervision purposes;

- ii. where, in the opinion of the MFSA, the member of an Investment Services Consolidation Group concerned is of negligible importance when compared to the activities of the Licence Holder in respect of the objectives of monitoring the Licence Holder and, in any event where the balance sheet total of the member of the Investment Services Consolidation Group is less than the smaller of either the equivalent of EUR 10 million or 1% of the balance sheet total of the parent undertaking or the undertaking holding the participation.

Provided that, if several members of the Investment Services Consolidation Group meet the aforementioned criteria, the MFSA shall require the Licence Holder to ensure that such members are collectively included in the consolidation.

- iii. where, in the opinion of the MFSA, consolidation of the financial situation of the member of an Investment Services Consolidation Group would be inappropriate or misleading in so far as supervision on a consolidated basis is concerned.

Provided that where the member of an Investment Services Consolidation Group as referred to [ii] and [iii] above is situated in another Member State, that state in which that member of the Investment Services Consolidation Group is situated may ask the parent of the Investment Services Consolidation Group for information which may facilitate the supervision of that member of the Investment Services Consolidation Group.

- 5.2 Licence Holders shall seek appropriate authorisation from the MFSA prior to excluding any undertakings as mentioned above from the Investment Services Consolidation Group.
- 5.3 The MFSA may request the subsidiaries of a group, which is an Investment Services Consolidation Group, which have been excluded from the Investment Services Consolidation Group, to provide the MFSA with any information which would be relevant for the purpose of supervising the members of the Investment Services Consolidation Group.

6.0 Form and extent of consolidation

- 6.1 The consolidation shall be made in the manner prescribed by International Financial Reporting Standards issued by the International Accounting Standards Board.

Without prejudice to the generality of the above, the MFSA may, at its own discretion, determine whether the accounts of:

- i. a Licence Holder that exercises significant influence over another Licence Holder without holding a participation or other capital ties in it, shall be subject to consolidation; and
- ii. two or more Licence Holders that are placed under single management other than pursuant to a contract or clauses of their memorandum or articles of association shall be subject to consolidation.

7.0 Consolidated Capital Resources

In terms of SLC 7.41, a Licence Holder which forms part of an Investment Services Consolidation Group shall at all times maintain consolidated own funds which are equal to or in excess of the consolidated capital resources requirement.

7.1 The Consolidated Capital Resources Requirement

The components of the consolidated capital resources requirement vary depending on the category of the Licence Holder which forms part of the Investment Services Consolidation Group. Where two or more Licence Holders holding a different category of licence form part of the same Investment Services Consolidation Group, the capital resources requirement of the Licence Holder with the highest category of licence, shall prevail. The following summarise the components of the consolidated capital resources requirement:

A. Category 1a, 1b and Category 2 Licence Holders

The Capital Resources Requirement shall be the higher of the following:

- (a) the sum of the consolidated non-trading book business risk components, the consolidated trading book business risk components, the consolidated commodities instruments - risk component, the large exposures risk component, and the consolidated foreign exchange risk component;
- (b) the consolidated fixed overheads requirement.

B. Category 3 – including Operators of MTFs

The Capital Resources Requirement shall be the summation of the consolidated non-trading book business risk components, the consolidated trading book business risk components, the consolidated commodities

instruments - risk component, the large exposures risk component, the consolidated foreign exchange risk component and the operational risk component.

Provided that where a credit institution is a subsidiary undertaking of a parent Investment Services Licence Holder, the capital requirements applicable to the credit institution shall be the same as those applicable to Category 3 Licence Holders.

8.0 The components of the financial resources requirement and the computation of the financial return for consolidations

This section of the appendix gives a brief description of each of the components of the consolidated financial resources requirement and outlines the manner in which the financial return for consolidations should be completed. It then provides an explanation of how Licence Holders forming part of an Investment Services Consolidation Group are to complete a number of worksheets in the Return, namely:

- i. Cover Sheet,
- ii. the Input Sheet (Sheet 1),
- iii. the Consolidated Income Statement (Sheet 2),
- iv. the Consolidated Balance Sheet (Sheet 3),
- v. Details – Investment Services Consolidation Group (Sheet 16),
- vi. Representations (Sheet 17) and,
- vii. Validation Sheet.

Detailed explanations of the:

- i. Consolidated Own Funds (Sheet 4),
- ii. Consolidated Risk Components (Sheets 5 – 13),
- iii. Consolidated Fixed Overheads Requirement (Sheet 14); and
- iv. Consolidated Capital Resources Requirement (Sheet 15).

are provided in sections 8.2 to 8.8 of this Appendix.

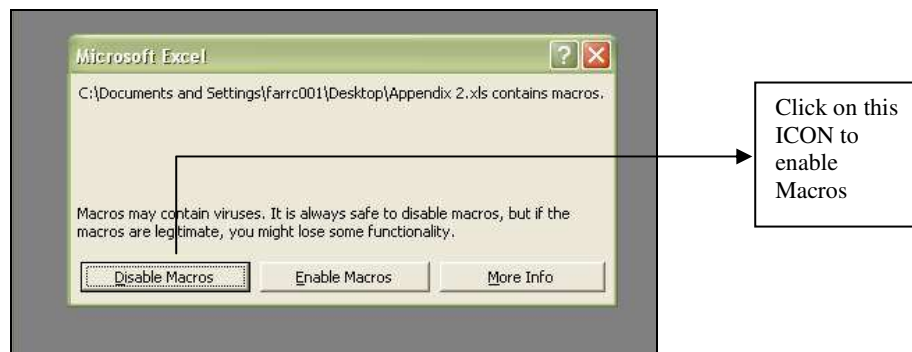
8.1.1 Instructions for using the Automated Financial Return for Consolidations

- (a) This section of the Appendix provides guidance for Investment Services Licence Holders forming part of an Investment Services Consolidation Group when compiling the automated Interim Financial Return for Consolidations (“IFRfC”), the automated Annual Financial Return for Consolidations (“AFRfC”) and the automated Annual Audited Financial Return for Consolidations (“AAFRfC”). Unless otherwise specified, the

term “Financial Return for Consolidations” and the Rules of the Appendix refer to the IFRfC, AFRfC and AAFRfC.

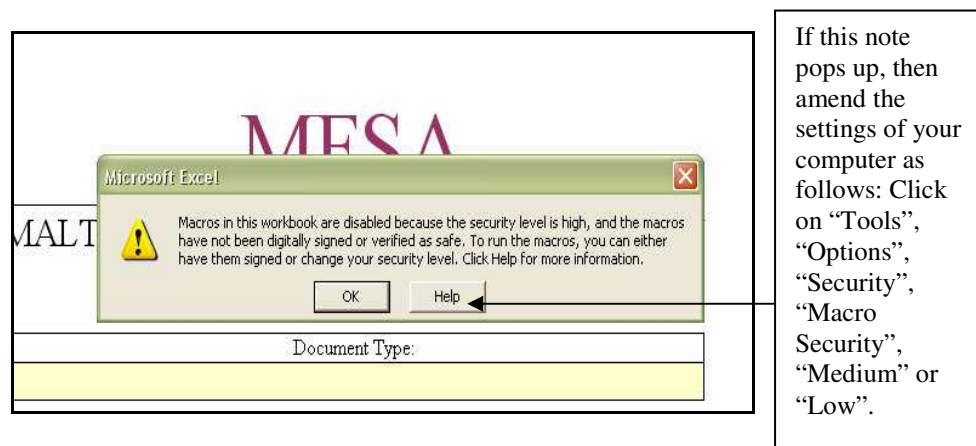
- (b) The Financial Return for Consolidations is compiled via an Ms Excel file titled, “APPENDIX 3B.XLS”. This file has been optimised for use on Microsoft Excel 2002. Some functions may not work if converted for use with other software or previous versions of Excel. These Excel files are to be retained as Master Copies.

When opening the Excel Spreadsheet named “APPENDIX 3B.XLS” a window will open up which will give the option to enable the macros. Click on the button “Enable Macros” prior to proceeding with the compilation of the Return.



Click on this ICON to enable Macros

If a further pop-up window appears on screen, as shown in the figure below, kindly amend the program’s settings as described on the next page.



If this note pops up, then amend the settings of your computer as follows: Click on “Tools”, “Options”, “Security”, “Macro Security”, “Medium” or “Low”.

- (c) Each Financial Return for Consolidations consists of seventeen worksheets. To select a worksheet, go to the “CONTENTS” sheet and click on the button next to the required sheet.

- (d) The worksheets are password protected. With the exception of cells highlighted in yellow, all cells in this program are locked and only these cells allow the inputting, deleting and amending of values.
- (e) In instances where the cells are linked, only the values need to be inputted once.
- (f) Subtotals are calculated automatically.
- (g) A number of worksheets require manual intervention by being prompted to execute a function or to input a value. Any computer prompted instructions are to be followed carefully.
- (h) Licence Holders are to provide additional details where required. This is required at the bottom of “SHEETS 2 and 3”. Entries should not exceed the space provided for this purpose.
- (i) A number of worksheets require the Licence Holder to provide supporting documentary evidence of how a particular figure was calculated. Licence Holders are to attach such documents as annexes to the Financial Return for Consolidations and clear reference to the relevant worksheet should be included.
- (j) The compilation of the automated Financial Return for Consolidations should start from the first worksheet (that is, the “COVER SHEET”). Details should be inserted (as and where appropriate) starting from the top and moving to the end of each worksheet.
- (k) The following is an outline of all the applicable sheets together with an indication of which sheets require manual input and those which are fully automated:

<u>Sheet</u>	<u>Sheet title</u>	<u>Action to be taken</u>
Cover Sheet		Manual Input (mandatory)
Contents Sheet	Contents	N/A
Sheet 1	Input Sheet	Manual Input (mandatory)

<u>Sheet</u>	<u>Sheet title</u>	<u>Action to be taken</u>
Sheet 2	Consolidated Income Statement	Manual Input (where applicable)
Sheet 3	Consolidated Balance Sheet	Manual Input (where applicable)
Sheet 4	Consolidated Total Own Funds Calculation	Manual Input (where applicable)
Sheet 5	Consolidated Credit/Counterparty Risk	Fully Automated
Sheet 6	Consolidated Position Risk Component Traded Debt Instruments (Specific Risk Component)	Manual Input (where applicable)
Sheet 7	Consolidated Position Risk Component Traded Debt Instruments (General Risk Component)	Fully Automated
Sheet 8	Consolidated Position Risk Component Equity	Manual Input (where applicable)
Sheet 9	Consolidated Position Risk Component Collective Investment Schemes	Manual Input (where applicable)

<u>Sheet</u>	<u>Sheet title</u>	<u>Action to be taken</u>
Sheet 10	Consolidated Settlement Risk Component	Fully Automated
Sheet 11	Consolidated Free Deliveries	Fully Automated
Sheet 12	Large Exposures Risk Component	Manual Input (where applicable)
Sheet 13	Consolidated Foreign Exchange Risk Component	Manual Input (where applicable)
Sheet 14	Consolidated Fixed Overhead Requirement	Fully Automated
Sheet 15	Consolidated Capital Resources Requirement	Manual Input (where applicable)
Sheet 16	Financial Details – Investment Services Consolidation Group	Manual Input (mandatory)
Sheet 17	Representations	Manual Input (mandatory)
Validation Sheet		Fully Automated

- (I) For ease of reference, the sheets which require manual input have been marked in blue in the “CONTENTS” Sheet.

- (m) Users should not key in “0” or “-” whenever a value is nil but should leave the cell empty.
- (n) **Only the worksheets which are marked in red in the “CONTENTS” sheet must be printed.**
- (o) **Financial Returns for Consolidations should be submitted by their due date in both hardcopy (signed) and electronic format (by diskette, compact disc or e-mail). Please note that the submission of Financial Returns for Consolidations by e-mail is at the Licence Holder’s own discretion and risk (since communications by e-mail may not be secure).**

8.1.2 Cover Sheet

- a. All cells in items 1 to 6 which are highlighted in yellow are to be completed.
- b. *Item 1*: Select document type – either Annual or Interim Financial Return for Consolidations – from the drop down list depending on the period for which the Financial Return for Consolidations is being compiled.

MFSA
MALTA FINANCIAL SERVICES AUTHORITY

1. Document Type:

2. Name of Licence Holder:

Select Document type – either Interim Financial Return or Annual Financial Return for Consolidations

- c. Financial Returns for Consolidations are to be prepared in the currency in which the Consolidated Audited Annual Financial Statements are compiled. The Reporting Currency of the accounts should be inserted in ISO Code.
- d. Irrespective of the Reporting Currency, the relevant Middle Exchange Rate converting EUR to the Reporting Currency is to be inserted in Item 6.
- e. Upon satisfactory completion of items 1 – 6, click on the button “Contents Page” at the bottom of this sheet to go to the “Contents Sheet”.

- c. The “INPUT SHEET” is mainly divided into six sections as follows:
 - i. Income
 - ii. Expenditure
 - iii. Assets
 - iv. Liabilities
 - v. Capital & Reserves
 - vi. Other

- d. Under the “Income and Expenditure” sections, the revenue/ expenses earned/ incurred during the reporting period by the Investment Services Consolidation Group to which the Licence Holder forms part are to be included.

(N.B.) Besides providing for taxation in the Annual Consolidated Income statement included in the AFRfC, Licence Holders are also required to provide for taxation in the Consolidated Interim Income statement in the IFRfC.

- e. Allowable Commissions and Fees, Item 2 (a) in the “Revenue” section relates to commissions and fees payable, provided they are directly attributable to commissions and fees receivable which are included in total revenue.
- f. For the purpose of the IFRS prudential reporting framework report: (i) Unrealised fair value movements on financial instruments which are designated at inception as instruments to be maintained at fair value through the profit and loss account, Item 2(o); (ii) Unrealised fair value movements on “held for trading” financial instruments, Item 2 (p); (iii) fair value movements on ‘available for sale’ financial instruments as per IAS 39, Item 2 (t); and (iv) revaluations on property as per IAS 40, Item 2 (u).
- g. Exceptional Expenditure, Item 2(c) (i) in the “Expenditure” section are items of expenditure for which the MFSA’s no-objection should be sought prior to their inclusion in the Financial Return for Consolidations.
- h. Under the “Assets” section, financial instruments, both long and short positions, held on the Investment Services Consolidation Group’s (item 3 (d)) balance sheet are to be categorised under one of the available headings. The long or short position in a particular investment is the net of any long or short positions held in that same investment. Short positions in any financial instrument are to be included as positions held with trading intent only. The Licence Holder must include both the balance sheet value and the market value of these financial instruments. Where financial instruments are held at fair values, the Licence Holder

must input the market value under both cells. It is important that financial instruments are inserted under their appropriate heading.

- i. Collective investment schemes, Item 3 (e) (iii), are any amounts receivable by the Investment Services Consolidation Group from transactions in collective investment schemes.
- j. Investment Services Consolidation Group creditors - due within 1 year, Item 4 (c) and Group creditors - due after more than 1 year, Item 4.0 (g). These represent amounts receivable from group companies and/ or connected persons. The definition of “Group” to be considered is that defined in the Companies Act, 1995 and “connected counterparty” as defined in Section 4.2.4 (A) (iii).
- k. The Licence Holder must also indicate under Item 6 (a) whether the Investment Services Consolidation Group has any assets or liabilities denominated in a Foreign Currency. If the answer is “YES” the Licence Holder must compile Sheet 13 which deals with Consolidated Foreign Exchange Risk adjustments.
- l. Secured Liabilities, Item 6(b). Under item (i), the Licence Holder must include the Investment Services Consolidation Group’s total secured liabilities which are due within 1 year. On the other hand, under item (ii) the Licence Holder must insert that part of the amount inserted in (i) which is secured by a charge on land and buildings. Under item (iii), the Licence Holder must include the total secured liabilities which are due after more than 1 year. Similarly, under item (iv) the Licence Holder must insert that part of the amount inserted in (iii) which is secured by a charge on land and buildings.
- m. The Licence Holder is to input the relevant figures for items 6(c), 6(d), 6(e), 6(f), 6(g), and 6(i) if these are applicable.
- n. The Licence Holder should indicate the consolidated credit/ counterparty risk calculation which has been used in the Financial Return for Consolidations in Item 6 (h).
- o. The Licence Holder should indicate under Item 6 (j) whether the Investment Services Consolidation Group holds positions in derivative financial instruments. If the answer is “YES” the Licence Holder should refer to para. 4.2.2.1 of Appendix 1 to these Rules and include the total Derivative Risk component in Sheet 15 item 3(a).
- p. If the Investment Services Consolidation Group held positions in commodities during the reporting period, then Item 6 (k) should be marked as “YES”. The Licence Holder should refer to para. 4.2.3 of

Appendix 1 to these Rules and include the total Consolidated Commodities Instruments - Risk Component in Sheet 15 Item 4.

- q. Once the relevant parts of Sections 1 – 6 have been completed click on the button “Print Set-up”. Automatically, all those cells which have been left empty will be hidden. After printing this sheet, the user may click on the button “Show all” and all the hidden cells will re-appear. Click on the button “Return to Contents” to return to the contents page.

8.1.4 Consolidated Income Statement – Sheet 2

- a. This sheet is fully automated except for Items 8.0 and 20.0.
- b. The space provided in Item 8.0 (“Details of ‘Other ISA related revenue’ and/or Any other details or comments”) is to be used to explain Item 5.0 (“Other ISA related revenue”).
- c. The space provided in Item 20.0 (“Details of Exceptional items of expenditure allowed by MFSA, other variable expenditure and other fixed expenditure”) should provide explanations to Item 10.0 (a) (“Exceptional Items of expenditure allowed by MFSA”), item 11.0 (j) (“Other Variable Expenditure”) and item 11.0 (k) (“Other Fixed Expenditure”).

8.1.5 Consolidated Balance Sheet – Sheet 3

- a. This sheet is fully automated except for Item 12.0.
- b. The space provided in Item 12.0 (“Details of ‘Amounts due to/ from other connected persons’ and/or ‘Amounts due to/ from Group Companies’ and/or Any other details or comments”) should include explanations to the following Items:
 - i. Item 3.0(c) (“Amounts due from Group Companies”)
 - ii. Item 3.0(d) (“Amounts due from other connected persons”)
 - iii. Item 4.0(c) (“Amounts due to Group Companies – within 1 year”)
 - iv. Item 4.0(d) (“Amounts due to other connected persons – within 1 year”)
 - v. Item 7.0(b) (“Amounts due to Group Companies – after more than 1 year”)
 - vi. Item 7.0(c) (“Amounts due to other connected persons – after more than 1 year”)

8.1.6 Sheet 16 – Details - Investment Services Consolidation Group

- a. Where applicable, all the cells marked in yellow are to be inputted.
- b. Some cells enable the user to select a reply from a drop down menu.
- c. The Licence Holder should ensure that all details relating to the parent undertaking and subsidiary undertakings are included.
- d. The Licence Holder may add further details/comments in item 3 of this Sheet.

8.1.7 Sheet 17 – Representations

- a. Items 1 – 3 of this sheet must be filled by the Licence Holder.
- b. The date when the Licence Holder approved the Financial Return for Consolidations is to be inputted in item 4.
- c. The Financial Return for Consolidations is to be signed by two Directors or other authorised signatories. When the Financial Return for Consolidations is signed by the latter, the Licence Holder should provide a certified true copy of the Board of Directors’ Resolution authorising the individual to sign the Return on behalf of the Directors.

8.1.8 Validation Sheet

Prior to submitting the Financial Return for Consolidations to the MFSA, the Licence Holder must ensure that all Validations are marked “OK”. Where the Validation is marked “ERROR”, the Licence Holder should check and correct the relevant sheet accordingly.

8.2 Consolidated Own Funds

Consolidated Own Funds means the sum of tier one capital, tier two capital and tier three capital.

For the purposes of the Consolidated Total Own Funds computation, the Licence Holder shall treat an Investment Services Consolidation Group as a single undertaking and calculate Own Funds on an accounting consolidation basis. In this respect, Consolidated Own Funds Calculation shall be based on the figures of the Consolidated Income Statements, Consolidated Statement of Changes in Equity and Consolidated Balance Sheet. Definitions of the three tiers of capital and the components of tier one, tier two and tier three capital are provided in section 4.1 of Appendix 1 to these Rules.

8.2.1 Restrictions on Consolidated Own Funds

- a. Consolidated non-core tier one capital is to be **less than 50%** of total consolidated tier one capital after deductions;
- b. Total consolidated tier two capital **must at all times be less than** consolidated total tier one capital after deductions;
- c. Consolidated lower tier two capital **must at all times be less than 50%** of total consolidated tier one capital after deductions; and
- d. Total tier two capital after deductions and tier three capital **must at all times be less than 200%** of total tier one capital after deductions

Licence Holders must ensure that at all times the Investment Services Consolidation Group meets the above conditions. Should the Investment Services Consolidation Group be in breach of any of the above conditions, the MFSA is to be immediately notified.

8.2.2 The section on Own Funds of the Financial Return For Consolidation

Sheet 4 – (Own Funds) of the Financial Return For Consolidations, which calculates the Investment Services Consolidation Group’s own funds, is fully automated and does not require any form of manual intervention in the case where the Standardised Approach to credit/counterparty risk is used by the Investment Services Consolidation Group.

The Licence Holder is to ensure that items 1.0 – 3.0 in the section “OWN FUNDS WARNINGS”, section of Sheet 4 are in order. This ensures that any of the restrictions listed in para. 8.2.1 have not been exceeded. Where the Investment Services Consolidation Group exceeds the restrictions on Own

Funds, the Licence Holder should inform the MFSA of the action which will be taken to reduce this exposure.

8.2.3 Risks associated with non-trading book business

This category is made up of the consolidated credit/ counterparty risk component, being the possibility of a loss occurring due to:

- i. the failure of a debtor of the group to meet its contractual debt obligations; or
- ii. the loss in value of any other asset which forms part of the consolidated balance sheet.

8.2.4 Measuring the Consolidated Credit/Counterparty Risk

The consolidated credit/ counterparty risk can be measured through any one of the following three methods: (i) the Standardised Approach, (ii) the Foundation Internal Ratings Based Approach (FIRB) or (iii) the Advanced Internal Ratings Based Approach (AIRB).

N.B.1. For an explanation of the Standardised Approach to the calculation of the credit/counterparty risk component, please refer to section 4.2.1.1 of Appendix 1 to these Rules. The computation of the consolidated credit/counterparty risk is the same as the credit/counterparty risk applied on a solo basis.

N.B.2. These Rules and the Financial Return for Consolidations cater for the Standardised Approach. The FIRB and the AIRB approaches are based on the Licence Holder's assessments of the risks to which it is exposed. It is strongly recommended that MFSA's guidance is sought prior to adopting these alternative methods, which methods are to be approved by the MFSA.

8.3 Risks associated with trading book business

This category is made up of four risk components:

8.3.1 The consolidated position risk component

The consolidated position risk component is defined as the risk of losses, arising from movements in market prices, in on and off balance sheet investments in financial instruments which qualify as trading book business. Please refer to section 2 of Appendix 1 to these Rules for a comprehensive definition of trading book and its elements. For the purpose of the calculation of position risk, financial instruments are categorised under one of the following titles: (i) Traded Debt Instruments; (ii) Traded Equities; (iii) Collective Investment Schemes; and (iv) Derivatives. The methodology for

computing the consolidated position risk component calculation is the same as that outlined in section 4.2.2.1 of Appendix 1 to these Rules.

N.B. These Rules and the Financial Return for Consolidations cater for the calculation of the consolidated position risk component of all types of financial instruments except for derivatives. As it is generally the exception that Licence Holders invest in derivatives, MFSA has taken the approach that the calculation of the risk related to investments in such assets may be catered for on a case by case basis. Licence Holders which form part of an Investment Services Consolidation Group which invest in derivatives should contact the MFSA for guidance as to how the derivatives related consolidated position risk component should be catered for in the Financial Return for Consolidations.

8.3.1.1 Measuring the Consolidated Position Risk Component

The methodology for measuring the position risk component varies depending on the type of financial instrument. The methodology for the calculation of the consolidated position risk is the same as that applied for the position risk on a solo basis. Please refer to section 4.2.2.1 (A) and (B) of Appendix 1 to these Rules for a detailed explanation of how position risk is to be measured and the steps to be followed in the Financial Return for Consolidations when compiling the consolidated position risk component for the various types of financial instruments.

8.3.2 The consolidated settlement risk component

Settlement risk is the risk that cash against documents transactions in financial instruments undertaken by members of an Investment Services Consolidation Group, which qualify as trading book business are unsettled after their due delivery dates. The settlement risk component calculation for an Investment Services Consolidation Group is the same as that applied for the settlement risk component on a solo basis. Measurement of this risk component and the steps to be followed in the Financial Return for Consolidations are illustrated in section 4.2.2.2 of Appendix 1 to these Rules.

8.3.3 The consolidated counterparty risk component

Counterparty risk is the amount of capital which any of the members within the Investment Services Consolidations Group hold against exposures in financial derivative instruments and credit derivatives.

N.B. These Rules and the Financial Return for Consolidations cater for the calculation of the trading book business Counterparty Risk Component. As it is generally the exception that Licence Holders invest in derivatives, the MFSA has taken the approach that the calculation of the counter party risk related to investments in such assets may be catered for on a case by case

basis. Licence Holders who invest in derivatives should contact the MFSA for guidance as to how the counterparty risk component should be calculated and catered for in the Financial Return for Consolidations.

8.3.4 Consolidated Free deliveries

Free Deliveries caters for the risk that the Licence Holder has either: (a) paid for free deliveries transactions in financial instruments which qualify as trading book business before receiving them; or (b) has delivered financial instruments which qualify as trading book business, sold in a free deliveries transaction, before receiving payment for them. The free deliveries risk component calculation for an Investment Services Consolidation Group is the same as that applied for the free deliveries risk component on a solo basis. Measurement of this risk component and the steps to be followed in the Financial Return for Consolidations are illustrated in section 4.2.2.4 of Appendix 1 to these Rules.

8.4 Commodities Instruments - Risk Component

Commodities Risk is the risk component required to cover the risk associated with the holding or taking positions, by a member/s of an Investment Services Consolidation Group, in commodities such as physical products which are and can be traded in the secondary market including commodity derivatives. The commodities instruments – risk component calculation for an Investment Services Consolidation Group is the same as that applied for this risk component when calculated on a solo basis. Measurement of this risk component and the steps to be followed in the Financial Return for Consolidations are illustrated in section 4.2.3 of Appendix 1 to these Rules.

8.5 Large Exposures Risk Component

The purpose of the large exposure requirement is to ensure that an Investment Services Consolidation Group manages its exposure to counterparties within appropriate limits set in relation to its capital resources requirements. A large exposure may be in the form of a loan to a single borrower, or it may arise across many transactions involving different types of financial instruments with several counterparties.

A large exposure means the exposure by an Investment Services Consolidation Group to: (a) an individual counterparty; (b) connected counterparties; or (c) a group of connected clients (all three terms are defined in point (A) of section 4.2.4 of Appendix 1 to these Rules).

8.5.1 Condition regarding Individual Large Exposures

Exposures by an Investment Services Consolidation Group to any class of the above-mentioned categories of counterparties should not exceed 25% of the Group's Own Funds.

The Consolidated Large Exposures Risk Component shall be the equivalent of the summation of the amount which is in excess of the above-mentioned limits.

8.5.2 Condition regarding Total Individual Large Exposure

The Investment Services Consolidation Group's individual exposures exceeding 10% of Own Funds are not to exceed 800% of its Own Funds. Licence Holders shall monitor and control their large exposures to ensure that the Investment Services Consolidation Group's total large exposures do not exceed this limit.

N.B. When calculating the consolidated large exposures risk component, any intra group exposures shall not be considered as a large exposure.

The consolidated large exposures risk component calculation for an Investment Services Consolidation Group is the same as that applied for this risk component when calculated on a solo basis. The types of Counterparties, the measurement of this risk component, exempt exposures and the steps to be followed in the Financial Return for Consolidations are illustrated in section 4.2.4 of Appendix 1 to these Rules.

8.6 Foreign Exchange Risk Component

Foreign Exchange Risk is the risk that an asset or liability in the consolidated financial statements of the Investment Services Consolidation Group denominated in a currency other than the reporting currency may be adversely affected by a change in the value of the foreign currency.

N.B. These Rules and the Financial Return for Consolidations provide for the calculation of the Consolidated Foreign Exchange Risk component of all types of asset exposures except for derivatives. As Licence Holders rarely invest in derivatives, MFSA has taken the approach that for the purpose of the Financial Return for Consolidations, the calculation of the risk related to investments in such assets may be catered for on a case by case basis. Investment Services Consolidation Group which undertake transactions in derivatives should contact the MFSA for guidance as to how the derivatives related foreign exchange risk component should be calculated and catered for in the Financial Return for Consolidations.

The consolidated foreign exchange risk component calculation for an Investment Services Consolidation Group is the same as that applied for this risk component when calculated on a solo basis. The manner in which the foreign exchange risk component should be calculated is explained in section 4.2.5 of Appendix 1 to these Rules.

8.7 Consolidated Operational Risk Component

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk.

The operational risk capital requirement (“ORCR”) for a Licence Holder is an amount calculated in accordance with one of the following methods:

- i. The Basic Indicator Approach (‘BIA’);
- ii. The Standardised Measurement Approach (‘SMA’); and
- iii. The Advanced Measurement Approach (‘AMA’).

N.B.1 These Rules cater for the Basic Indicator Approach. An explanation on how to apply the SMA and the AMA approaches for ISCGs and the applicable qualifying criteria to use both methods will be provided by the MFSA upon request.

The consolidated operational risk component calculation using the BIA for an ISCG is the same as that applied for the BIA when calculated on a solo basis. The manner in which the consolidated operational risk component should be calculated is explained in section 4.2.6 of Appendix 1 to these Rules.

N.B.2 The Financial Return for Consolidations does not cater for the Consolidated Operational Risk Component. As this requirement only applies to Category 3 Licence Holders, MFSA decided that for the purpose of the Financial Return for Consolidations, the calculation of the operational risk component may be catered for on a case by case basis. Category 3 Licence Holders which form part of an Investment Services Consolidation Group should contact the MFSA for guidance as to how the consolidated operational risk component should be catered for in the Financial Return for Consolidations.

8.8 Consolidated Fixed Overheads Requirement

The fixed overheads requirement shall be calculated by taking, in the case of:

- i. the annual figures, one quarter of the Investment Services Consolidation Group’s yearly total expenditure after deducting the items of expenditure outlined in point (A) of section 4.3 of Appendix 1 to these Rules; and

- ii. the half yearly figures by: (a) deducting the items of expenditure outlined in point (A) of section 4.3 of Appendix 1 to these Rules from total expenditure to obtain the relevant expenditure figure; (b) extrapolating the relevant expenditure figure for the half yearly, as applicable, into an annual figure to obtain the pro-rated annualised expenditure figure, and (c) taking one quarter of the pro-rated annualised expenditure figure.

9.0 Supplementary requirements for Licence Holders which are subsidiaries of a Financial Holding Company

The Licence Holder which is a subsidiary of a Financial Holding Company shall ensure that persons who effectively direct the business of a Financial Holding Company are of sufficiently good repute and have sufficient experience to perform these duties.

10.0 Supplementary Requirements for Mixed Activity Holding Companies

- 10.1 For the purposes of ensuring proper supervision of a Licence Holder which forms part of a group of companies which has a mixed activity holding company as its parent, the MFSA may request the Licence Holder to provide the MFSA with information about any member of such group of companies, which would be relevant for the purpose of the supervision of the said Licence Holder.
- 10.2 The MFSA may carry out spot-check inspections to verify information received from the Licence Holder in terms of para 10.1 above.
- 10.3 Where the Licence Holder forms part of a group of companies which has a mixed activity holding company as its parent, the MFSA shall have the right to exercise general supervision over transactions between members of such group.
- 10.4 Where the Licence Holder forms part of a group of companies which has a mixed activity holding company as its parent, the Licence Holders shall have in place adequate risk management processes and internal control mechanisms, including sound reporting and accounting procedures, in order to identify, measure, monitor and control transactions with the parent of the group and its subsidiaries. The Licence Holder shall report to the MFSA any significant transactions with other members of the group, which transactions are not reported under the large exposures risk component.

10.5 The MFSA shall take appropriate measures where intra-group transactions between members of group of companies whose parent is a mixed activity holding company are a threat to the Licence Holder's financial position.

11.0 Co-operation with other competent authorities for establishing responsibility for exercising consolidated supervision on a cross-border basis

11.1 Where an Investment Services Consolidation Group forms part of a larger group the parent of which is established outside Malta or where a Licence Holder forms part of group the parent of which is established outside Malta, the MFSA may seek to make appropriate and adequate arrangements, in the manner prescribed in Section 1 of Chapter 4 of Title V of Directive 2006/48/EC, relating to the taking up and pursuit of the business of credit institutions, with the competent authorities of the relevant countries where the parent of the larger international group is situated/established in order to establish the final responsibility for consolidated supervision.

INVESTMENT SERVICES RULES FOR INVESTMENT SERVICES PROVIDERS

PART B: STANDARD LICENCE CONDITIONS

Appendix 3 B: Financial Return for Consolidations

1.0	Document Type:	
2.0	Name of the parent undertaking of the Investment Services Consolidation Group	
3.0	For the period from:	
	to:	
4.0	Number of months covered by reporting period	
5.0	Currency in which accounts are reported	
6.0	Exchange rate as at end of reporting period converting the reporting currency to EURO	

Version 1/2008

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Sheet 5	AFR 5	NON-TRADING BOOK BUSINESS - CONSOLIDATED CREDIT/COUNTERPARTY RISK COMPONENT
Sheet 6	AFR 6	TRADING BOOK BUSINESS - CONSOLIDATED POSITION RISK - TRADED DEBT INSTRUMENTS - SPECIFIC RISK COMPONENT
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Sheet 17	AFR 17	REPRESENTATIONS - MANDATORY
Validation Sheet		VALIDATION SHEET

N.B.

- a) Any of the above Sheet Titles which are marked in blue require manual input.
- b) Sheets marked in red must be printed.

For the period from

to

Amounts included on the credit should be -ve**Amounts included on the debit should be +ve**As per Trial
Balance**1) Income**

a) Dealing Profit or (Loss) - Trading	
b) Dealing Profit or (Loss) - Long Term Investments	
c) Commissions received on transactions in :	
i) locally based schemes	
ii) foreign based schemes	
1) listed on a Recognised Investment Exchange	
2) not listed on a Recognised Investment Exchange	
iii) other commissions (equities, debt instruments etc...)	
d) Investment Management and Administration Fees	
i) Private clients	
ii) Non-Private clients	
iii) Collective Investment Schemes	
iv) Other (e.g. connected companies)	
e) Investment Advisory Fees	
i) Private clients	
ii) Non-Private clients	
iii) Collective Investment Schemes	
iv) Other (e.g. connected companies)	
f) Other ISA related revenue	
g) Non-ISA related revenue	

2) Expenditure

a) Allowable commissions and fees	
b) Other Commissions payable	
c) Exceptional Items of expenditure	
i) Allowed by MFSA	
ii) Other	
d) Depreciation	
e) Staff bonuses	
f) Employees' and directors' shares in profits	
g) Interest charges in respect of borrowing made to finance the acquisition of readily realisable investments	
h) Interest paid to clients on clients' money	
i) Interest paid to counterparties	
j) Fees, brokerage and other charges paid to clearing houses, exchanges and intermediate brokers for the purposes of executing, registering or clearing transactions	
k) Foreign exchange losses	
l) Directors' emoluments	
m) Other variable expenses	
n) Other fixed expenses	
o) Unrealised fair value movements on "Designated at inception at fair value through profit and loss account" financial instruments	
p) Unrealised fair value movements on "Held for trading" financial instruments	
q) Taxation for the year	
r) Other Operating Income/ Charges net of attributable taxation	

Movements reflected through the Consolidated Statement of Changes in Equity

s) Dividends	
i) Paid	
ii) Proposed but not paid	
t) Unrealised fair value movements on "Available for sale" financial instruments	
u) Unrealised fair value movements on revaluation of property	
v) Other movements through statement of changes in equity	

3) Assets

a) Intangible assets	
i) Goodwill	
ii) Other Intangible Assets	
b) Tangible assets	
i) Land & Buildings	

For the period from to

ii) Other Tangible Assets	
c) Deferred tax Asset	

d) Financial Instruments (Short Positions are to be included as trading book positions only.)

i) Debt securities issued by central governments or central banks		Insert Market Value	Trading Intent?	Quality Assessment

ii) Debt securities issued by EEA financial services licensed entity		Insert Market Value	Held with Trading Intent?	No. of months to maturity	Credit Quality Assessment

iii) Debt securities issued by a corporate other than EEA financial services licensed entity		Insert Market Value	Held with Trading Intent?	Credit Quality Assessment

iv) Other debt instruments which show a particular risk due to insufficient solvency of the issuer of liquidity which form part of the TRADING BOOK ONLY		Insert Market Value	No. of months to maturity	Credit Quality Assessment	Coupon Rate

v) Units in high risk Collective Investment Schemes		Insert Market Value	Held with Trading Intent?

vi) Units in other Collective Investment Schemes		Insert Market Value	Trading Intent?

For the period from to

vii) Shares traded on an EU Regulated Market or the regulated market of a developed financial centre	Insert Market Value	Held with Trading Intent?	Connected Company?

viii) Other shares [including investments in venture capital firms and private equity investments]	Insert Market Value	Held with Trading Intent?	Connected Company?

ix) Investments in group companies	Insert Market Value	Connected Company?

e) Debtors	Market value of Und Position
i) unsettled securities transactions - cash against documents	
0 - 4 working days	
5 - 15 working days	
16 - 30 working days	
31 - 45 working days	
46 or more working days	
ii) unsettled securities transactions - free deliveries	
a) if securities were delivered	
1) Up to first contractual payment	
2) From first contractual payment to four days after second contractual payment.	
3) From 5 business days post contractual payment until extinction of transaction	

For the period from to

		Market value of Underlying Position
b) if securities were paid for by the Licence Holder		
1) Up to first contractual delivery lag		
2) From first contractual delivery lag to four days after second contractual delivery lag.		
3) From 5 business days post contractual delivery lag until extinction of transaction		
iii) Collective investment schemes		
iv) Group debtors		
1) Amounts due from group companies		
2) Amounts due from other connected persons		
v) Trade debtors		
f) Prepayments		
g) Accrued income		
h) Amounts receivable from Government bodies		
i) Amounts receivable within 90 days		
ii) Amounts receivable after more than 90 days		
i) Amounts receivable from Financial Institutions		
i) Amounts receivable within 90 days		
ii) Amounts receivable after more than 90 days		
j) Other debtors		
k) Bank and cash balances		
i) Balances which can be withdrawn within 30 days		
ii) Balances which can be withdrawn only after 30 days		

Include an amount that the Licence Holder has reason to doubt repayment on demand

4) Liabilities

a) Tax liability	
b) Overdrafts	
c) Group creditors - due within 1 year	
i) Amounts due to group companies	
ii) Amounts due to other connected persons	
d) Accruals	
e) Other creditors	
f) Loans:	
i) subordinated	
ii) other	
g) Group creditors - due after more than 1 year	
i) Amounts due to group companies	
ii) Amounts due to other connected persons	
h) Other long term liabilities	
i) Deferred Tax Liability	
j) Other provisions for liabilities/ charges	

5) Capital & Reserves

a) Called up ordinary share capital	
b) Perpetual Non-Cumulative Preference Shares	
c) Perpetual Cumulative Preference Shares	
d) Fixed term Non-cumulative preference shares (if not redeemable within 5 years)	
e) Fixed term Non-cumulative preference shares redeemable within 5 years	
f) Fixed term Cumulative Preference Share Capital (if not redeemable within 5 years)	
g) Fixed term Cumulative Preference Share Capital redeemable within 5 years	
h) Investor Compensation Scheme Reserve	
i) Share premium account	
j) Property & financial instruments' revaluation reserves as per the previous year's audited financial statements	
k) Revenue reserves as per the previous year's audited financial statements	
l) Other reserves	
m) Minority Interest	

For the period from to

6) Other

a) Foreign Currency

Does the Investment Services Consolidation Group have assets/ liabilities denominated in a currency other than the reporting currency?

b) Secured Liabilities

i) Include the amount of secured liabilities
- which are due within 1 year

ii) Include the amount of secured liabilities
-which are due within 1 year & secured by a charge on land & building

iii) Include the amount of secured liabilities
- which are due after more than 1 year

iv) Include in full the amount of secured liabilities
- which are due after more than 1 year & secured by a charge on land & building

c) Contingent Liabilities

Insert the amount of any Contingent Liabilities

d) Investment in Own Shares

Report own shares held at book value

e) Material Holding in Credit/ Financial Institutions

Report material (>10%) holding in credit/ financial institutions at book value

f) Additional Deductions

Report any additional deductions from tier two capital -
[please refer to point 4.1 of Appendix I]

g) Bank and/ or other third party guarantees approved by the MFSA

Include any Bank and/ or other third party guarantees approved by the MFSA

h) The credit/ counterparty risk calculation method applied by the Investment Services Consolidation Group is:

i) Interim Trading Book Profits/Losses

Include any trading book profits/losses which have not been included in the Income Statement

j) Derivatives Risk

Did the Investment Services Consolidation Group hold any positions in derivative financial instruments during the reporting period?

k) Commodities Instruments - Risk Component

Did the Investment Services Consolidation Group hold any positions in commodities during the reporting period?

CONSOLIDATED INCOME STATEMENT & ITEMS THROUGH THE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AFR 2

For the period from to

Dealing Profit / (Loss)

1.0 *Dealing Profit or (Loss)*

a) Dealing Profit or (Loss) - Trading	-		
b) Dealing Profit or (Loss) - Long Term Financial Instruments	-	<i>Total Dealing Profit or (Loss)</i>	-

Revenue

ISA-related:

2.0 *Commissions Received*

a) Commissions received on transactions in :			
i) locally based schemes	-		
ii) foreign based schemes			
- listed on an EU Regulated Market or the Regulated Market of a developed financial centre	-		
- listed in other markets	-		
b) Other commission (equities, debt instruments etc.)	-	<i>Total commissions</i>	-

3.0 *Investment Management and Administration Fees*

a) Private clients	-		
b) Non-Private clients	-		
c) Collective Investment Schemes	-		
d) Other (e.g. Connected companies)	-	<i>Total investment management fees</i>	-

4.0 *Investment Advisory Fees*

a) Private clients	-		
b) Non-Private clients	-		
c) Collective Investment Schemes	-		
d) Other (e.g. Connected companies)	-	<i>Total investment advisory fees</i>	-

5.0 *Other ISA related revenue**

-

6.0 *Non-ISA related revenue*

-

7.0 **Total Revenue**

-

8.0 * *Details of 'Other ISA related revenue' and/or Any other details or comments:*

CONSOLIDATED INCOME STATEMENT & ITEMS THROUGH THE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AFR 2

For the period from to

Expenditure

9.0 *Commissions and fees*

a) Allowable commissions and fees	-		
b) Other	-	<i>Total Commissions and Fees</i>	-

10.0 *Exceptional Items of expenditure*

a) Allowed by MFSA*	-		
b) Other	-	<i>Total Exceptional items</i>	-

11.0 *Other expenditure*

a) Depreciation	-		
b) Staff bonuses	-		
c) Employees' and directors' shares in profits	-		
d) Interest charges in respect of borrowing made to finance the acquisition of your readily realisable investments	-		
e) Interest paid to clients on clients' money	-		
f) Interest paid to counterparties	-		
g) Fees, brokerage and other charges paid to clearing houses, exchanges and intermediate brokers for the purposes of executing, registering or clearing transactions	-		
h) Foreign exchange losses	-		
i) Directors' emoluments	-		
j) Other variable expenses *	-		
k) Other fixed expenses *	-	<i>Total Other expenditure</i>	-

12.0 **Total Expenditure** -

Other Consolidated Income Statement Items

13.0 l) Unrealised fair value movements on "Designated at inception at fair value through profit and loss account" financial instruments	-		
m) Unrealised fair value movements on "Held for trading" financial instruments	-		-

14.0 **Profit or (Loss) on Ordinary Activities before Taxation** -

15.0 *Taxation* -

16.0 *Other operating income/ charges net of attributable taxation* -

17.0 **Profit or (Loss) after taxation and other operating income/ charges** -

CONSOLIDATED INCOME STATEMENT & ITEMS THROUGH THE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from to

18.0 Items effected through the Statement of changes in Equity during the reporting period

a) Dividends	- paid	-	
	- dividends declared but not paid	-	
b) Unrealised fair value movements on "Available for sale" financial instruments		-	
c) Unrealised fair value movements on revaluation of property		-	
d) Other movements through the statement of changes in equity		-	<input type="text" value="-"/>

19.0 Retained Earnings for the year/ period

20.0 * Details of 'Exceptional items of expenditure allowed by MFSA', 'Other Variable Expenditure', 'Other Fixed Expenditure' and/or any other details or comments:

As at

1.0 *Fixed Assets*

a) Intangible assets	-		
b) Tangible assets	-	<i>Total Fixed Assets</i>	-

2.0 *Other non-current Assets*

a) Deferred tax	-	<i>Total Other non-current Assets</i>	-
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3.0 *Current Assets*

a) Financial Instruments - Long Positions	-		
b) Trading Book Debtors	-		
c) Non-Trading Book Debtors	-		
d) Amounts due from group companies**	-		
e) Amounts due from other connected persons*	-		
f) Prepayments	-		
g) Accrued Income	-		
h) Amounts receivable from government bodies	-		
i) Amounts receivable from financial institutions	-		
j) Bank and cash balances	-		
k) Other debts	-	<i>Total Current Assets</i>	-

4.0 *Creditors : Amounts falling due within one year*

a) Loans/overdrafts	-		
b) Taxation	-		
c) Amounts due to group companies**	-		
d) Amounts due to other connected persons*	-		
e) Accruals	-		
f) Financial instruments - Short Positions	-		
g) Other creditors	-	<i>Total short-term creditors</i>	-

5.0 **Net Current Assets**

	-
--	---

6.0 **Total Assets less Current Liabilities**

	-
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7.0 *Creditors : Amounts falling due after more than one year*

a) Loans:					
i) subordinated	-				
ii) other	-				
b) Amounts due to group companies**	-				
c) Amounts due to other connected persons*	-				
d) Other long term liabilities	-	<i>Total long-term creditors</i>			-

8.0 *Provisions for liabilities and charges*

a) Deferred Tax Liability	-		
b) Other	-	<i>Total prov. for liabilities/charges</i>	-

9.0 **Total Assets less Total Liabilities**

	-
--	---

10.0 *Capital and Reserves*

a) Called up ordinary share capital	-		
b) Preference share capital	-		
c) Investor Compensation Scheme Reserve	-		
d) Share premium account	-		
e) Property & financial instruments' revaluation reserves	-		
f) Revenue reserves	-		
i) as per the previous year's audited accounts	-		
ii) retained profits/ (loss) for the year/ period	-		
g) Other reserves	-	<i>Total capital and reserves</i>	-

11.0 **Minority Interest**

	-
--	---

12.0 * Details of 'Amounts due to/from other connected persons' and/or '**'Amounts due to/from group Companies' and/or Any other details or comments:

As at

1.0 Core Tier One Capital			
a) Paid-up ordinary share capital	-		
b) Share premium account	-		
c) Revenue Reserves	-		
d) Interim net profits/ retained profit for the year net of foreseeable dividends	-		
e) Other Reserves	-	<i>Total Core Tier One Capital</i>	-
2.0 Non Core Tier One Capital			
a) Perpetual Non-cumulative preference shares	-		
b) Minority Interests	-	<i>Total Non-Core Tier One Capital</i>	-
3.0 Deductions from Tier One Capital			
a) Investments in own shares	-		
b) Goodwill	-		
c) Other Intangible assets	-		
d) Material current year losses/ retained losses for the year net of foreseeable dividends	-		
e) Unrealised fair value movements on "Designated at inception at fair value through the profit and loss account" financial instruments	-	<i>Total Tier One Capital deductions</i>	-
4.0 IFRS Prudential Filters			
a) Unrealised net losses on "Designated at inception at fair value through the profit and loss account" financial instruments	-		
b) Deductions in relation to fair value movements on "available for sale" financial instruments	-		
c) Unrealised losses on revaluation of property	-	<i>Total Prudential Filters</i>	-
5.0 Total Tier One Capital			-
6.0 Upper Tier Two Capital			
a) Perpetual Securities	-	<i>Total Upper Tier Two Capital</i>	-
7.0 Lower Tier Two Capital			
a) Fixed Term Preference Share Capital (if not redeemable within 5 years)	-		
b) Bank and/ or other third party guarantees	-		
c) Subordinated Loan Capital	-		
d) IRB - calculation of risk weight exposure amounts for credit risk	-	<i>Total Own Funds Adjustments</i>	-
8.0 Prudential Filters additions to Own Funds			
a) Unrealised gains on "Designated at inception at fair value through the profit and loss account" financial instruments	-		
b) Additions in relation to fair value movements on "available for sale" financial instruments	-		
c) Unrealised gains on revaluation of property	-	<i>Total Prudential Filters</i>	-
9.0 Total Tier Two Capital before deductions			-
10.0 Deductions from Tier Two Capital			
a) Material holdings in credit and financial institutions	-		
b) Expected losses from risk weighted exposure amounts using the Internal Ratings Based Approach	-		
c) Internal Ratings Based value adjustments	-		
d) Additional deductions	-		
e) Additional capital requirement	-	<i>Total Tier Two deductions</i>	-

11.0	Total Tier Two Capital				-
12.0	<i>Lower Tier Three Capital</i>				
	Interim Trading Book Profits/ Losses		-	<i>Total Lower Tier Three Capital</i>	-
13.0	Total Tier Three Capital				-
14.0	Total Own Funds				-

OWN FUNDS WARNINGS:

1.0	
2.0	
3.0	

1.0 Currency in which accounts have been prepared:

-

<i>Non-Trading Book Business Asset Exposure</i>

Exposure Value	Risk Weight	Risk Weighted Exposure Amount
----------------	-------------	-------------------------------

2.0 *Exposure - Class 1*

Tangible assets
a) Land & Buildings
b) Other Tangible Assets

-	100%	-
-	100%	-

3.0 *Exposure - Class 2*

Claims or contingent claims on central governments or central banks

-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-

4.0 *Exposure - Class 3*

i) Debt securities issued by EEA Financial Services licensed entities
-
-
-
-
-
-
-
-
ii) Amounts receivable from EEA financial services licensed entities
a) Amounts receivable within 90 days
b) Amounts receivable after more than 90 days

-	0%	-
-	0%	-
-	0%	-
-	0%	-
-	0%	-
-	0%	-
-	0%	-
-	0%	-
-	0%	-
-	0%	-
-	20%	-
-	50%	-

5.0 *Exposure - Class 4*

i) Debt securities issued by entities other than EEA Financial Services licensed entities
-
-
-
-
-
-
-
-
-

-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-

6.0 *Exposure - Class 5*

i) Units in High Risk Collective Investment Schemes
-
-
-
-
-
-
-
-
-

-	150%	-
-	150%	-
-	150%	-
-	150%	-
-	150%	-
-	150%	-
-	150%	-
-	150%	-
-	150%	-

ii) Units in Other Collective Investment Schemes
-
-
-
-
-
-
-
-

-	100%	-
-	100%	-
-	100%	-
-	100%	-
-	100%	-
-	100%	-
-	100%	-
-	100%	-

7.0 *Exposure - Class 6*

i) Shares traded on a EU Regulated Market or the Regulated Market of a developed financial centre
-
-
-
-
-
-
-
-
-
ii) Other Shares [including investments in venture capital firms and private equity investments]
-
-
-
-
-
-
-
-
iii) Investments in connected companies
-
-
-
-
-
-
-
-
-

-	100%	-
-	100%	-
-	100%	-
-	100%	-
-	100%	-
-	100%	-
-	100%	-
-	100%	-
-	100%	-

-	150%	-
-	150%	-
-	150%	-
-	150%	-
-	150%	-
-	150%	-
-	150%	-
-	150%	-

-	100%	-
-	100%	-
-	100%	-
-	100%	-
-	100%	-
-	100%	-
-	100%	-
-	100%	-

8.0 *Exposure - Class 7*

Amounts receivable from government bodies and local authorities
a) Amounts receivable within 90 days
b) Amounts receivable after more than 90 days

-	20%	-
-	50%	-

9.0 *Exposure - Class 8*

Other Balance Sheet Items
i) Debtors
a) Collective investment schemes
b) Group debtors
1) Amounts due from group companies
2) Amounts due from other connected persons
c) Trade debtors
ii) Prepayments
iii) Accrued income
iv) Other debtors

-	100%	-
-	100%	-
-	100%	-
-	100%	-
-	100%	-
-	100%	-
-	100%	-
-	100%	-

Total Risk Weighted Exposure Amount	-
Consolidated Credit Risk Calculation utilising the Standardised Approach	-

1.0 Currency in which accounts have been prepared: -

2.0 Financial instrument positions as at (date):

Description of Financial Instrument	Investment reported in accounts in currency of Accounts	Investment at Market Value in currency of Accounts	No of months to maturity	Credit Quality Assessment	Risk Discount Factor	Adjusted Specific Position Risk
3.0 Claims or contingent claims on central governments or central banks						
-			-	-		
-			-	-		
-			-	-		
-			-	-		
-			-	-		
-			-	-		
-			-	-		
-			-	-		

4.0 Debt securities issued by EEA Financial Services licensed entities						
-			-	-		
-			-	-		
-			-	-		
-			-	-		
-			-	-		
-			-	-		
-			-	-		
-			-	-		

5.0 Debt securities issued by corporates/ other entities other than EEA Financial Services licensed entities						
-			-	-		
-			-	-		
-			-	-		
-			-	-		
-			-	-		
-			-	-		
-			-	-		
-			-	-		

6.0 Instruments in any of the above categories but which face particular risk in view of insufficient solvency of the issuer of liquidity						
-					12%	
-					12%	
-					12%	
-					12%	
-					12%	
-					12%	
-					12%	
-					12%	

Long Positions - Adjustment

Short Positions - Adjustment

Netting adjustment - (Net ONLY long and short positions in the same instrument)

Specific Consolidated Position Risk Component

-
-
-
-

TRADING BOOK BUSINESS

CONSOLIDATED POSITION RISK - TRADED DEBT INSTRUMENTS

- GENERAL RISK COMPONENT

1.0 Currency in which accounts have been prepared:

-

2.0 Financial instrument positions as at (date):

<i>Description of investment (including number of shares)</i>	<i>Investment reported in accounts in currency of Accounts</i>	<i>Investment at Market Value in currency of Accounts</i>	<i>No of months to maturity</i>	<i>Coupon rate</i>	<i>Risk Discount Factor</i>	<i>Weighted Long Positions</i>	<i>Weighted Short Positions</i>	<i>Maturity Band</i>
---	--	---	---------------------------------	--------------------	-----------------------------	--------------------------------	---------------------------------	----------------------

3.0

<i>Claims or contingent claims on central governments or central banks</i>
-
-
-
-
-
-
-
-

			-	0.00%			
			-	0.00%			
			-	0.00%			
			-	0.00%			
			-	0.00%			
			-	0.00%			
			-	0.00%			
			-	0.00%			

4.0

<i>Debt securities issued by EEA Financial Services licensed entities</i>
-
-
-
-
-
-
-
-

			-	0.00%			
			-	0.00%			
			-	0.00%			
			-	0.00%			
			-	0.00%			
			-	0.00%			
			-	0.00%			
			-	0.00%			

TRADING BOOK BUSINESS

CONSOLIDATED POSITION RISK - TRADED DEBT INSTRUMENTS

- GENERAL RISK COMPONENT

AFR 7

5.0	<i>Debt securities issued by entities other than EEA Financial Services licensed entities</i>									
	-				-	0.00%				
	-				-	0.00%				
	-				-	0.00%				
	-				-	0.00%				
	-				-	0.00%				
	-				-	0.00%				
	-				-	0.00%				

6.0	<i>Instruments in any of the above categories but which face particular risk in view of insufficient solvency of the issuer of liquidity</i>									
	-				-	0.00%				
	-				-	0.00%				
	-				-	0.00%				
	-				-	0.00%				
	-				-	0.00%				
	-				-	0.00%				
	-				-	0.00%				

Match positions within zone

Zone One
Zone Two
Zone Three

<i>Long Positions</i>	<i>Short Positions</i>	<i>Net Positions</i>
-	-	-
-	-	-
-	-	-

General Consolidated Position Risk Component

-

1.0 Currency in which accounts have been prepared:

2.0 Investments as at (date):

<i>Description of investment (including number of shares)</i>	<i>Investment reported in accounts in currency of Accounts</i>	<i>Long Positions at Market Value in currency of Accounts</i>	<i>Short Positions at Market Value in currency of Accounts</i>	<i>Equity Specific Risk</i>	<i>Equity General Risk</i>	<i>Adjusted Position Risk</i>
---	--	---	--	-----------------------------	----------------------------	-------------------------------

3.0 **Shares traded on a EU Regulated Market or the Regulated Market of a developed financial centre**

-		-	-
-		-	-
-		-	-
-		-	-
-		-	-
-		-	-
-		-	-
-		-	-
-		-	-

Total Overall Position - -

Overall Gross Position

Netting adjustment - (Net ONLY long and short positions in the same instrument)

Overall Net Position

4.0 **Other Shares [including investments in venture capital firms and private equity investments]**

-		-	-
-		-	-
-		-	-
-		-	-
-		-	-
-		-	-
-		-	-
-		-	-
-		-	-

Total Overall Position - -

Overall Gross Position

Netting adjustment - (Net ONLY long and short positions in the same instrument)

Overall Net Position

Total Consolidated Equity Position Risk -

1.0 Currency in which accounts have been prepared:

-

2.0 Investments as at (date):

Description of investment (including number of shares)

<i>Investment reported in accounts in currency of Accounts</i>	<i>Investment at Market Value in currency of Accounts</i>	<i>Risk Discount Factor</i>	<i>Adjusted Position Risk</i>
--	---	-----------------------------	-------------------------------

3.0 **Units in High Risk Collective Investment Schemes**

	-	32%	-
	-	32%	-
	-	32%	-
	-	32%	-
	-	32%	-
	-	32%	-
	-	32%	-
	-	32%	-
	-	32%	-
	-	32%	-

4.0 **Units in Other Collective Investment Schemes**

	-	16%	-
	-	16%	-
	-	16%	-
	-	16%	-
	-	16%	-
	-	16%	-
	-	16%	-
	-	16%	-
	-	16%	-
	-	16%	-

Long Positions - Adjustment
 Long Positions - Adjustment
 Netting adjustment - (Net ONLY long and short positions in the same instrument)

-
-

Total Consolidated Position Risk Adjustment

-
-

1.0 Currency in which accounts have been prepared:

-

2.0 Investments as at (date):

<i>Debtors Unsettled Securities Transactions - Cash against documents</i>	<i>Exposure as reported in the financial statements</i>	<i>Exposure at Market Value in currency of Accounts</i>	<i>Risk Discount Factor</i>	<i>Adjusted Settlement Risk</i>
0 - 4 working days	-	-	0%	-
5 - 15 working days	-	-	8%	-
16 - 30 working days	-	-	50%	-
31 - 45 working days	-	-	75%	-
46 or more working days	-	-	100%	-
Total Consolidated Settlement Risk				-

1.0 Currency in which accounts have been prepared: -

2.0 Investments as at (date):

<i>Unsettled Securities Transactions - Free Deliveries</i>	<i>Exposure as reported in the financial statements</i>	<i>Exposure at Market Value in currency of Accounts</i>	<i>Risk Discount Factor</i>	<i>Adjusted Settlement Risk</i>
a) Where financial instruments have been delivered by the Licence Holder, qualifying as trading book business but for which payment is still due after delivery date				
1) Up to first contractual payment	-		0%	-
2) From first contractual payment to four days after second contractual payment.	-		8%	-
3) From 5 business days post contractual payment until extinction of transaction	-		100%	-
b) Where cash amounts have been settled by the Licence Holder in respect of undelivered financial instruments which qualify as trading book business.				
1) Up to first contractual delivery lag	-	-	0%	-
2) From first contractual delivery lag to four days after second contractual delivery lag.	-	-	8%	-
3) From 5 business days post contractual delivery lag until extinction of transaction	-	-	100%	-
Total Consolidated Free Deliveries				-

Large Exposures as at:

1.0 <i>Own funds level</i>	-
2.0 <i>Report exposures to any Counterparty if the total of any Trading Book and Non-Trading Book exposures exceed 10% of own funds</i>	-
3.0 <i>Large Exposures Upper Limit</i>	
Associate Company (20% of own funds)	-
Other (25% of own funds)	-
4.0 <i>Aggregate Large Exposures (800% of own funds)</i>	-

Non Trading Book Exposures

5.0	Name of individual counterparty or group of connected counterparties or its connected counterparties	Exposure in the currency of the financial statements	Proportion Exempt	Connected Company	Maximum allowable exposure	Non-exempt exposure	Amount exceeding the 25% Own Funds limit
						-	-
						-	-
						-	-
						-	-
						-	-
						-	-
						-	-
						-	-

Total Individual Non-Trading Book Exposures - -

Trading Book Exposures

6.0	Name of individual counterparty or group of connected counterparties or its connected counterparties	Exposure in the currency of the financial statements	Proportion Exempt	Connected Company	Maximum allowable exposure	Non-exempt exposure	Amount exceeding the 25% Own Funds limit
						-	-
						-	-
						-	-
						-	-
						-	-
						-	-
						-	-
						-	-

Total Individual Trading Book Exposures - -

7.0 **Total Exposures exceeding the 25% Own Funds limit** -

8.0 **Aggregate Non-Exempt Exposures** -

CONSOLIDATED FOREIGN EXCHANGE RISK COMPONENT

AFR 13

Foreign Exchange Risk Component as at:

AUD	CAD	CHF	EUR	FIM	GBP	HKD	JPY	NOK	USD	0	0
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	---	---

1.0 *Foreign Exchange Position*

<i>Assets</i>												
a) Financial Instruments												
b) Debtors - trading book												
c) Debtors - collective investment schemes												
d) Trade Debtors												
e) Prepayments												
f) Accrued Income												
g) Amounts receivable from government bodies												
h) Amounts receivable from financial institutions												
i) Other debts												
j) Bank and Cash Balances												
k) Other Assets												
<i>Liabilities</i>												
a) Group creditors												
b) Accruals												
c) Other creditors												
d) Loans and overdrafts												
e) Other liabilities												

2.0 Open position in foreign Currency - - - - - - - - - - - -

3.0 Exchange rate converting the foreign currency to reporting currency

4.0 Open position in reporting currency - - - - - - - - - - - -

5.0 Total net open position in reporting currency -

6.0 Consolidated Foreign Exchange Risk Adjustment [Item 5.0 x 8%] -

As at

1.0 *Total Expenditure*

2.0 <i>Less:</i>			
a) staff bonuses except if guaranteed;		-	
b) employees' and directors' shares in profits, except if guaranteed		-	
c) allowable commissions and fees		-	
d) interest charges in respect of borrowing made to finance the acquisition of your readily realisable investments		-	
e) interest paid to clients on clients' money		-	
f) interest paid to counterparties		-	
g) fees, brokerage and other charges paid to clearing houses, exchanges and intermediate brokers for the purposes of executing, registering or clearing transactions		-	
h) foreign exchange losses		-	
i) other variable expenditure		-	
j) exceptional expenditure (with the MFSA prior approval)		-	<input type="text" value="-"/>

3.0 *Relevant Fixed Expenditure*

4.0 *Pro-rated Annualised Relevant Expenditure*

Consolidated Fixed Overhead Requirement

5.0 *(One quarter of the pro-rated annualised relevant expenditure)*

As at

1.0 **Total Consolidated Own Funds**

2.0 **Non-Trading Book Business Risk Component**

a) Consolidated Credit/Counterparty Risk Component

The Credit/Counterparty risk method applied is the:

3.0 **Trading Book Business Risk Component**

a) Consolidated Position Risk

- Traded Debt Instruments

 Specific Risk Component

 General Risk Component

- Equity Position Risk

- Collective Investment Schemes

- Derivatives Risk

-
-
-
-
-
-

b) Consolidated Settlement Risk Component - Cash against documents

-

c) Consolidated Counterparty Risk Component

-

d) Consolidated Free Deliveries

-

Total Trading Book Business Risk Component

-

4.0 **Commodities Instruments - Risk Component**

-

5.0 **Large Exposures Risk Component**

-

6.0 **Consolidated Foreign Exchange Risk Component**

-

7.0 **Consolidated Operational Risk Component (where applicable)**

8.0 **Total Consolidated Risk Capital Component**

-

9.0	Consolidated Fixed Overhead Requirement	-
10.0	CONSOLIDATED CAPITAL RESOURCES REQUIREMENT	-
11.0	Consolidated Financial Resources Requirement	-

1. Type of Investment Services Consolidation Group

The Investment Services Consolidation Group is a:

--

2 Members of the Investment Services Consolidation Group

(a) Parent Undertaking

<i>Name of the Parent Undertaking</i>	<i>Type of Undertaking</i>	<i>Category of Licence (where applicable)</i>

(b) Subsidiary Member Undertaking/s (Established in Malta)

<i>Name of the Subsidiary Undertaking</i>	<i>%age holding by the parent in the subsidiary:</i>	<i>Type of Undertaking</i>	<i>Category of Licence (where applicable)</i>
	%		

(c) Subsidiary Member Undertaking/s (Established outside Malta)

<i>Name of the Subsidiary Undertaking</i>	<i>%age holding by the parent in the subsidiary:</i>	<i>Type of Undertaking</i>	<i>Comparable category of licence under the Investment Services Act, 1994, in the case of a foreign investment services provider</i>

If there is a foreign investment services provider within the Investment Services Consolidation Group, kindly justify the choice of the comparable category of Licence Holder under the Investment Services Act, 1994 for each foreign investment services provider.

--

(d) Other subsidiary undertakings forming part of the Investment Services Consolidation Group which need not be included with the group for the purposes of the consolidated capital requirement

<i>Name of the Subsidiary Undertaking</i>	<i>%age holding by the parent in the subsidiary:</i>	<i>Date when MFSA granted its no objection for the exclusion of the subsidiary undertaking</i>

(e) Other subsidiary undertakings which are excluded from an Investment Services Consolidation Group but which form part of the same group of companies.

<i>Name of the Subsidiary Undertaking</i>	<i>%age holding by the parent in the subsidiary:</i>

3 Other Details

Input any other details or comments:

Insert Yes/ No:

1. Is the Investment Services Consolidation Group able, and will it be able for the foreseeable future, to meet all of its liabilities as they fall due for payment?

2. Have the Investment Services Consolidation Group's Financial Resources been in excess of or equal to its Consolidated Financial Resources Requirement throughout the period ending on the Accounting Reference Date?

3. We Confirm that :
i. The licence holder's consolidated financial resources have been properly calculated in accordance with the MFSA's requirements.

ii All matters (including contingent liabilities, claims and litigation) which might reasonably be expected to have a material effect on the licence holder's financial position at the date of submission of these statements have been declared herewith or notified in writing to MFSA.

4. This Financial Return was approved on : Date.

Signed on behalf of a Licence Holder which forms part of an Investment Services Consolidation Group:

Signed:
(Director/ Authorised Signatory)

Date:

Name:

Signed:
(Director/ Second Authorised Signatory)

Date:

Name:

VALIDATION SHEET

<i>Sheet Number:</i>	<i>Sheet Title</i>	<i>Description of Error</i>
Cover Sheet		ERROR CHECK THAT ENTRIES IN COVER SHEET ARE CORRECTLY INPUTTED.
Sheet 1	AFR 1 INPUT SHEET - MANDATORY	OK
Sheet 2	AFR 2 CONSOLIDATED INCOME STATEMENT	OK
Sheet 3	AFR 3 CONSOLIDATED BALANCE SHEET	OK
Sheet 4	AFR 4 CONSOLIDATED TOTAL OWN FUNDS CALCULATION	OK
Sheet 5	AFR 5 NON-TRADING BOOK BUSINESS - CREDIT/COUNTERPARTY RISK COMPONENT	OK
Sheet 6	AFR 6 TRADING BOOK BUSINESS - POSITION RISK - TRADED DEBT INSTRUMENTS - SPECIFIC RISK COMPONENT	OK
Sheet 7	AFR 7 TRADING BOOK BUSINESS - POSITION RISK - TRADED DEBT INSTRUMENTS - GENERAL RISK COMPONENT	OK
Sheet 8	AFR 8 TRADING BOOK BUSINESS - POSITION RISK - EQUITY RISK COMPONENT	OK
Sheet 9	AFR 9 TRADING BOOK BUSINESS - POSITION RISK - COLLECTIVE INVESTMENT SCHEME RISK COMPONENT	OK
Sheet 10	AFR 10 TRADING BOOK BUSINESS - CONSOLIDATED	OK

VALIDATION SHEET

Sheet Number:		Sheet Title	Description of Error	
Sheet 11	AFR 11	TRADING BOOK BUSINESS - CONSOLIDATED FREE DELIVERIES	OK	
Sheet 12	AFR 12	LARGE EXPOSURES RISK COMPONENT	OK	
Sheet 13	AFR 13	CONSOLIDATED FOREIGN EXCHANGE RISK	OK	
Sheet 14	AFR 14	CONSOLIDATED FIXED OVERHEAD REQUIREMENT	OK	
Sheet 15	AFR 15	CONSOLIDATED FINANCIAL RESOURCES REQUIREMENT	ERROR	KINDLY INPUT THE APPROPRIATE CREDIT/ COUNTERPARTY RISK COMPONENT
Sheet 16	AFR 16	FINANCIAL DETAILS INVESTMENT SERVICES CONSOLIDATION GROUP	ERROR	QUESTIONS 1 & 2 HAVE NOT BEEN CORRECTLY ANSWERED
Sheet 17	AFR 17	REPRESENTATIONS	ERROR	ENSURE THAT QUESTIONS: 1, 2 & 7 ARE COMPLETED ENSURE THAT SIGNATURES OF DIRECTORS/ AUTHORISED SIGNATORIES AND DATES ARE COMPLETED