

# MFSA

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## MALTA FINANCIAL SERVICES AUTHORITY

### Investment Services Rules for Investment Services Providers

23<sup>rd</sup> January 2009

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MFSA is today publishing an updated version to the Investment Services Rules for Investment Services Providers (hereinafter referred to as ‘the Rules’). The main changes relate to:

- a. the transposition of the Capital Adequacy Directive (‘CRD’) Pillar III requirements (our circular of the **10<sup>th</sup> December, 2008** refers)
- b. an addition to SLC 7.17 dealing with the submission of audited annual financial statements by credit institutions and
- c. minor amendments to Schedule A to Part A of the Rules – the Application for an Investment Services Licence.

#### **1.0 Amendments to the Rules**

##### *1.1 The Transposition of the Pillar III Requirements of the CRD.*

A new section consisting of three new standard licence conditions have been included in a new sub-section of Section 7 of Part B of the Rules. This new section is entitled ‘*Regulatory Disclosures by Licence Holders*’. These requirements will **not** apply to:

- (a) credit institutions which are also Licence Holders – given that these will be subject to the requirements for credit institutions arising from the Banking Act, 1994;
- (b) Category 1 Licence Holders; and
- (c) Licence Holders which only provide management services to collective investment schemes.

A new **Appendix 4** to Part B of the Rules has also been added. This appendix elaborates on the disclosures which Licence Holders and Investment Services Consolidation Groups are required to make in order to ensure compliance with the new standard licence conditions which transpose the CRD Pillar III requirements.

### *1.2 Amendment of SLC 7.17*

This Standard Licence Condition which relates to the financial statements which must be submitted to the Authority by an investment services licence holder, has been expanded to include the following wording:

*“A Licence Holder which is also a credit institution in terms of the Banking Act, 1994 shall be required to insert in its financial statements, a note disclosing the net revenue derived from activities for which an investment services licence was issued to it, that is the gross revenue derived from such activities less any commissions that are directly related to the acquisition of the said gross revenue, paid or payable to third parties.”*

This amendment was necessary in view of Legal Notice 259 of 2008 entitled the Investment Services Act (Licence and Other Fees) Regulations, 2008, issued recently and which requires that the Licence Fee payable by persons holding an investment services licence depends on the net revenue derived from activities for which an investment services licence was issued as indicated in the licence holder's audited accounts.

### *1.3 Amendment of Schedule A to Part A of the Rules.*

By virtue of an amendment in Schedule A to Part A of the Rules which contains the application form for an Investment Services Licence, applicants are now being requested to also submit, as part of the relevant application documents a detailed Business Plan (which should include background details about the promoters, the applicants' target clients, the proposed operational set up as well as the applicant's plans for the future).

## **2.0 Contacts**

The new updated Investment Services Rules for Investment Services Providers may shortly be downloaded from the Authority's website located at [www.mfsa.com.mt](http://www.mfsa.com.mt). 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)