

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

Securities Unit

15th December 2005

Unit Tel: (+356) 21441155
Unit Fax: (+356) 21449308

Dear Sir or Madam

Re: Performance Fees payable to Retail Fund Managers or Advisors

We refer to the Notices issued by the Authority regarding the above captioned.

We would like to inform you that further to a review of the feedback received in relation to the proposed conditions on performance fees circulated with our notice dated 17th June 2005, the Authority has now published a Feedback Statement outlining the main issues raised during the consultation process and the MFSA's views on these issues. An electronic copy of the Feedback Statement is being sent to your office by e-mail.

Should you have any further comments to make on the italicised changes indicated in the up-dated proposed conditions - Annex 2 of the Feedback Statement refers - please let us have such comments at your earliest and by not later than 31st January 2006. Following consideration of the feedback received on the said changes, the intention is to finalise and publish the requirements and currently licensed local retail schemes having performance fee arrangements will be required to comply with the new requirements within a reasonable timeframe which has yet to be determined. In this regard, in your reply, please also describe in detail any implications which the introduction of the proposed requirements will have on your funds and any timeframe you consider is needed for an appropriate transition.

Kindly note that this notice is also being issued pursuant to article 8 of the Investment Services Act, 1994.

Please do not hesitate to contact Mr Robert Higgans or myself should you have any queries.

Yours faithfully



Cristina Parlato Trigona
Director

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