

25 August 2020

## Circular on the updates made to the Investment Services Rules applicable to Collective Investment Schemes in relation to reporting of breaches in the Annual Report and Audited Financial Statements

### Introduction

One of the Authority's key strategic pillars is to add public value by ensuring that supervised firms, within the financial services sector, operate in a manner that is transparent and in line with the applicable regulatory requirements.

This update is therefore aimed to ensure that PIFs, AIFs and UCITS (henceforth referred to as "Collective Investment Schemes") provide relevant information to investors and other stakeholders in relation to their level of compliance with licensing conditions.

### Overview of changes made to the rulebooks

New rules have been introduced requiring Collective Investment Schemes to disclose breaches of the applicable Standard Licence Conditions. To this end, Collective Investment Schemes are required to include a statement in the Directors' report or in any prominent section in the Annual Report and Audited Financial Statements regarding breaches which occurred during the relevant reporting period.

This additional requirement will be reflected in the following sections of the below Rulebooks:

- a. SLC 1.15A in Part B of the Investment Services Rules for Alternative Investor Funds
- b. SLC 1.98A in Part BI/ SLC 1.71A in Part BII/ SLC 1.73A in Part BIII of the Investment Services Rules for Professional Investor Funds
- c. SLC 12.21A in Part B II of the Investment Services Rules for Malta based Retail UCITS Collective Investment Schemes

### Contact

Any queries should be directed to the Securities and Market Supervision function for attention of the Funds Team ([funds@mfsa.mt](mailto:funds@mfsa.mt)).