

8 October 2021

Circular on the Updates made to Part A of the Investment Services Rules for Investment Services Providers

1. Introduction

As communicated in the [circular](#) issued by the Authority on 23 June 2021, the MFSA has opted to depart from the current categorisation applicable to Investment Service Licence Holders¹ ('ISLHs'). In this regard and as part of its ongoing work in relation to the transposition of the Investment Firms Regulation and Directive ('the IFRD Package'), the MFSA is hereby issuing the revised Investment Services Rules for Investment Services Providers, Part A: The Application Process ("the Rulebook"). The aim of this circular is to provide a high-level explanation of the changes to the Rulebook.

Any references to the Rulebook should be interpreted as references to the Rulebook which is being issued today, together with this circular. Nonetheless, the Authority will be retaining the previous Rulebook on its website for an interim period for ease of reference.

2. Changes to the Rulebook

In view of the reclassification of ISLHs, the MFSA has carried out changes to Sections 4, 7, and 10 of the Rulebook. Furthermore, additional minor changes have been carried out to better structure the Rulebook and to update the hyperlink to the Guidelines issued by the EBA and ESMA in terms of Article 16 of Regulation (EU) No 1095/2010 and Regulation (EU) No 1093/2010, on the assessment of suitability of members of the management body and key function holders.

Section 4 – Classification of Investment Service Licence Holders

In the Rulebook, the Authority has removed all text referring to the local nomenclature 'Categories'. In this regard, Section 4 was revised and ISLHs will now be classified according to **Licence Type**; namely, *Investment Firm, AIF Manager, De Minimis AIFM, UCITS Management Company, Depositary, or Depositary Lite*. Section 4 was further revised to include the **licensable activities** that each Licence Type may provide.

¹ Holders of a Category 1, 2, 3, and/ or 4 investment services licence granted under the Investment Services Act, 1994.

Section 7 – Fees

The application fees will not change, however the reference to the category of licence has been replaced with the equivalent definition of what licensable activities, the respective Licence Holder may be authorised to provide.

Section 10 – Capital Requirements

The IFRD package imposes a minimum initial capital requirement for each of the Classes (1, 2 and 3). Since the current local regulatory framework applies minimum capital requirements according to the category of Licence, Section 10 of the Rulebook has been revised to remove the reference to the categories and implement the new minimum initial capital requirements imposed by the IFRD Package for **Investment Firms**. In this regard, the minimum capital requirement for ISLHs which are not licensed as Investment Firms, will remain unchanged.

ISLHs should refer to the relevant Part B of the Investment Services Rules for Investment Service Providers, for their respective ongoing capital requirements.

3. Conclusion

The new Rulebook shall apply as of from the date of this circular.

Should you have any queries in relation to this briefing, please contact us on ausecurities@mfsa.mt.