

Annex A

Various Amendments to the Investment Services Rulebooks

Part A AIFs

Current Rule

R3-3.3.3 In the cases referred to in R3-3.3.1 and R3-3.3.2, the AIFM shall be guided by the provisions of Regulations (EU) No 345/2013 and 346/2013 prescribing rules for the marketing of qualifying venture capital funds/ social entrepreneurship funds to eligible investors across the EU, for the portfolio composition of the qualifying venture capital funds/ social entrepreneurship funds and for the eligible investment instruments and techniques to be used by qualifying venture capital funds/ social entrepreneurship funds.

New Rule

R3-3.3.3 In the cases referred to in R3-3.3.1 and R3-3.3.2, the AIFM shall be guided by the provisions of Regulations (EU) No 345/2013 and 346/2013, **as amended from time to time**, prescribing rules for the marketing of qualifying venture capital funds/ social entrepreneurship funds to eligible investors across the EU, for the portfolio composition of the qualifying venture capital funds/ social entrepreneurship funds and for the eligible investment instruments and techniques to be used by qualifying venture capital funds/ social entrepreneurship funds. **Accordingly, the 'Standard Licence Conditions Applicable to Collective Investment Schemes authorised to invest through loans' ('Loan Fund Rules'); are to be disapplied with respect to AIFs established in the cases referred to in Rules 3-3.3.1 to 3-3.3.3.**

Part A PIFs

Current Rule

3.03 In the cases referred to in Rules 3.06 and 3.06, the fund manager shall be guided by the provisions of Regulations (EU) No 345/2013 and 346/2013 prescribing rules for the marketing of qualifying venture capital funds/ social entrepreneurship funds to eligible investors across the Union, for the portfolio composition of the qualifying

New Rule

3.03 In the cases referred to in Rules 3.06 and 3.06, the fund manager shall be guided by the provisions of Regulations (EU) No 345/2013 and 346/2013, **as amended from time to time**, prescribing rules for the marketing of qualifying venture capital funds/ social entrepreneurship funds to eligible investors across the Union, for the portfolio

venture capital funds/ social entrepreneurship funds, for the eligible investment instruments and techniques to be used by qualifying venture capital funds/ social entrepreneurship funds as well as for the organisation, conduct and transparency of managers that market qualifying venture capital funds/ social entrepreneurship funds across the Union.

composition of the qualifying venture capital funds/ social entrepreneurship funds, for the eligible investment instruments and techniques to be used by qualifying venture capital funds/ social entrepreneurship funds as well as for the organisation, conduct and transparency of managers that market qualifying venture capital funds/ social entrepreneurship funds across the Union. **Accordingly, the 'Standard Licence Conditions Applicable to Collective Investment Schemes authorised to invest through loans' ('Loan Fund Rules'); are to be disapplied with respect to PIFs established in the cases referred to in Rules 3.01 to 3.03.**

Part A NAIFs

Current Rule

- 2.02 The notification process cannot be requested for the following collective investment schemes:
- i. Self-managed collective investment schemes.
 - ii. Collective investment schemes which are not marketed and sold exclusively to Professional Investors and/or Qualifying Investors.
 - iii. Collective investment schemes which engage in 'Loan Origination' as defined in the "Standard Licence Conditions Applicable to Collective Investment Schemes authorised to invest through loans" ('Loan Fund Rules').

Provided that a loan-acquiring fund established as a NAIF may only acquire loans from and originated by authorised credit institutions or firms duly authorised and regulated to engage in the activity of lending in their respective jurisdiction of where

New Rule

- 2.02 The notification process cannot be requested for the following collective investment schemes:
- . Self-managed collective investment schemes.
 - Collective investment schemes which are not marketed and sold exclusively to Professional Investors and/or Qualifying Investors.
 - . Collective investment schemes which engage in 'Loan Origination' as defined in the "Standard Licence Conditions Applicable to Collective Investment Schemes authorised to invest through loans" ('Loan Fund Rules'); **unless established in terms of: (a) Regulation (EU) No 345/2013 ('EuVECA Regulations'; or (b) Regulation (EU) 346/2013 ('EuSEF Regulation), as outlined in Rules 2.06 to 2.08 below.**

Provided that a loan-acquiring fund established as a NAIF may only acquire loans from and

they are domiciled.

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originated by authorised credit institutions or firms duly authorised and regulated to engage in the activity of lending in their respective jurisdiction of where they are domiciled.

2.06

European Venture Capital Funds and European Social Entrepreneurship Funds

2.06.1.The AIFM may establish the AIF as a European venture capital fund in terms of Regulation (EU) No 345/2013 and in this regard opt to use the designation 'EuVECA' in relation to the marketing of the qualifying venture capital funds in the Union.

2.06.2.Similarly, the AIFM may establish the scheme as a European social entrepreneurship fund in terms of Regulation (EU) No 346/2013 and in this regard opt to use the designation 'EuSEF' in relation to the marketing of the qualifying social entrepreneurship funds in the Union.

2.06.3. In the cases referred to in Rules 2.06.1 and 2.06.2, the AIFM shall be guided by the provisions of Regulations (EU) No 345/2013 and 346/2013, as amended from time to time, prescribing rules for the marketing of qualifying venture capital funds/ social entrepreneurship funds to eligible investors across the Union, for the portfolio

composition of the qualifying venture capital funds/ social entrepreneurship funds, for the eligible investment instruments and techniques to be used by qualifying venture capital funds/ social entrepreneurship funds.

Part A NPIFs

Current Rule

- 2.04 The notification process cannot be requested for the following collective investment schemes:
- i. Collective investment schemes which are not marketed and sold exclusively to Qualifying Investors and Professional Investors as defined in Rule 3.01 hereunder;
 - ii. Collective investment schemes which engage in 'Lending' activity as defined in the 'Standard Licence Conditions Applicable to Collective Investment Schemes authorised to invest through loans' ('Loan Fund Rules');
 - iii. Collective Investment Schemes which engage in any activity, or have an investment strategy which is related to any activity, which goes contrary to the MFSA's Risk Appetite Statement.

New Rule

- 2.04 The notification process cannot be requested for the following collective investment schemes:
- i. Collective investment schemes which are not marketed and sold exclusively to Qualifying Investors and Professional Investors as defined in Rule 3.01 hereunder;
 - ii. Collective investment schemes which engage in 'Lending' activity as defined in the 'Standard Licence Conditions Applicable to Collective Investment Schemes authorised to invest through loans' ('Loan Fund Rules'); **unless established in terms of: (a) Regulation (EU) No 345/2013 ('EuVECA Regulations'); or (b) Regulation (EU) 346/2013 ('EuSEF Regulation), as outlined in Section 7 of the Supplementary Rules to these Rules;**

Collective Investment Schemes which engage in any activity, or have an investment strategy

<p>3.02 The marketing of a NPIF in EU Member States or EEA States other than Malta is not automatic and may be allowed subject to national provisions applicable in the respective jurisdiction.</p>	<p>which is related to any activity, which goes contrary to the MFSA's Risk Appetite Statement.</p> <p>3.02 The marketing of a NPIF in EU Member States or EEA States other than Malta is not automatic and may be allowed subject to national provisions applicable in the respective jurisdiction.</p> <p>Provided that this provision does not apply in the event the NPIF is established as a EuVECA or EuSEF fund as outlined in Section 7 of the Supplementary Rules to these Rules.</p>
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NPIFs Supplementary Rules

Current Rule

6.01 This Section is applicable to Notified Professional investor Funds set up as self-managed Schemes.

New Rule

6.01 This Section is applicable to Notified Professional investor Funds set up as self-managed Schemes.

A self-managed NPIF which satisfies one of the following conditions shall further comply with the requirements contained herein:

- (i) either directly or indirectly, through a company with which the NPIF is linked by common management or control, or by a substantive direct or indirect holding, manage portfolios of AIFs whose assets under management, including any assets acquired through use of leverage, in total do not exceed a threshold of EUR 100 million; or
- (ii) either directly or indirectly, through a company with which the NPIF is linked by

common management or control, or by a substantive direct or indirect holding, manage portfolios of AIFs whose assets under management in total do not exceed a threshold of EUR 500 million when the portfolios of AIFs consist of AIFs that are unleveraged and have no redemption rights exercisable during a period of 5 years following the date of initial investment in each AIF.

Where the conditions prescribed above are no longer met, the self-managed NPIF shall inform the MFSA thereof and shall apply for an extension of its authorisation to either a Notified AIF or a full AIF licence within 30 days from the date of notification thereof to the MFSA.

Provided that in complying with the requirements prescribed in Rule 6.01 (i) and (ii) above the self-managed NPIF shall further comply with articles 3 and 4 of the Commission delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositories, leverage, transparency and supervision.

New Section

7. Supplementary Rules applicable to NPIFs established as EuVECA or EuSEF Funds

7.01 The fund manager may establish the scheme as a European venture capital fund in terms of Regulation (EU) No 345/2013 and in this regard opt to use the designation 'EuVECA' in relation to the marketing of

	the qualifying venture capital funds in the Union.
7.02	The fund manager may establish the scheme as a European social entrepreneurship fund in terms of Regulation (EU) No 346/2013 and in this regard opt to use the designation 'EuSEF' in relation to the marketing of the qualifying social entrepreneurship funds in the Union.
7.03	In the cases referred to in Rules 7.01 and 7.02, the fund manager shall be guided by the provisions of Regulations (EU) No 345/2013 and 346/2013, as amended from time to time, prescribing rules for the marketing of qualifying venture capital funds/ social entrepreneurship funds to eligible investors across the Union, for the portfolio composition of the qualifying venture capital funds/ social entrepreneurship funds, for the eligible investment instruments and techniques to be used by qualifying venture capital funds/ social entrepreneurship funds as well as for the organisation, conduct and transparency of managers that market qualifying venture capital funds/ social entrepreneurship funds across the Union.
7.04	Rules 7.01 to 7.03 do not apply to Notified Professional Investor Funds set-up as self-managed schemes or managed by exempt managers pursuant to Rule 6.01 of Part A of these Rules.