

Consultation Document on the Transposition and Implementation of the AIFMD II and UCITS VI

AIFMD II	Local Legislation
Article 1(1)(a) amending Article 4(1): point (ag) is replaced by the following: '(ag) "professional investor" means an investor which is considered to be a professional client or may, on request, be treated as a professional client within the meaning of Annex II to Directive 2014/65/EU of the European Parliament and of the Council'	Glossary for AIF Rulebooks "professional investor" means an investor which is considered to be a professional client or may, on request, be treated as a professional client within the meaning of Annex II to Directive 2014/65/EU of the European Parliament and of the Council (*1); Investment Services Rules for Investment Services Providers Part A for AIFs R3-3.5.2.3: "The following shall all be regarded as professional investors clients in all investment services and activities and with respect to all the Financial Instruments: ..."
Article 1(1)(b) amending Article 4(1): the following points are added: '(ap) ... (aq) "capital of the AIF" means aggregate capital contributions and uncalled capital committed to an AIF, calculated on the basis of amounts investible after the deduction of all fees, charges and expenses that are directly or indirectly borne by investors; (ar) "loan origination" or "originating a loan" means the granting of a loan: (i) directly by an AIF as the original lender; or (ii) indirectly through a third party or special purpose vehicle which originates a loan for or on behalf of the AIF, or for or on behalf of an AIFM in respect of the AIF, where the AIFM or AIF is involved in structuring the loan, or defining or pre-agreeing its characteristics, prior to gaining exposure to the loan; (as) "shareholder loan" means a loan which is granted by an AIF to an undertaking in which it holds directly or indirectly at least 5 % of the capital or voting rights, and which cannot be sold to third parties independently of the capital instruments held by the AIF in the same undertaking; (at)	Glossary for ISP Rulebooks "capital of the AIF" means aggregate capital contributions and uncalled capital committed to an AIF, calculated on the basis of amounts investible after the deduction of all fees, charges and expenses that are directly or indirectly borne by investors; "loan origination" or "originating a loan" means the granting of a loan: (i) directly by an AIF as the original lender; or (ii) indirectly through a third party or special purpose vehicle which originates a loan for or on behalf of the AIF, or for or on behalf of an AIFM in respect of the AIF, where the AIFM or AIF is involved in structuring the loan, or defining or pre-agreeing its characteristics, prior to gaining exposure to the loan; "shareholder loan" means a loan which is granted by an AIF to an undertaking in which it holds directly or indirectly at least 5 % of the capital or voting rights, and which cannot be sold to third parties independently of the capital instruments held by the AIF in the same undertaking; "loan-originating AIF" means an AIF: (i) whose investment strategy is mainly to originate loans; or (ii) whose originated loans have a notional value that represents at least 50 % of its net asset value; "leveraged AIF" means an AIF whose exposures are increased by the AIFM that manages it, whether through borrowing of cash or securities, leverage embedded in derivative positions or any other means

"loan-originating AIF" means an AIF: (i) whose investment strategy is mainly to originate loans; or (ii) whose originated loans have a notional value that represents at least 50 % of its net asset value; (au) "leveraged AIF" means an AIF whose exposures are increased by the AIFM that manages it, whether through borrowing of cash or securities, leverage embedded in derivative positions or any other means.	
Article 1(2)(a) amending Article 6: (a) in paragraph 4, point (b), the following point is added: '(iv) any other function or activity which is already provided by the AIFM in relation to an AIF that it manages in accordance with this Article, or in relation to services that it provides in accordance with this paragraph, provided that any potential conflict of interest created by the provision of that function or activity to other parties is appropriately managed.'	SLC 1.04 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: iv. any other function or activity which is already provided by the Licence Holder in relation to an AIF that it manages, or in relation to services that it provides in accordance with this rule, provided that any potential conflict of interest created by the provision of that function or activity to other parties is appropriately managed.
Article 1(2)(b) amending Article 6: (b) in paragraph 4, the following points are added: '(c) administration of benchmarks in accordance with Regulation (EU) 2016/1011; (d) credit servicing activities in accordance with Directive (EU) 2021/2167 of the European Parliament and of the Council (*3).'	SLC 1.04 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: c. administration of benchmarks in accordance with Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds; d. credit servicing activities in accordance with Directive (EU) 2021/2167 of the European Parliament and of the Council;
Article 1(2)(c) amending Article 6: (c) paragraph 5 is amended as follows: (i) point (b) is deleted; (ii) the following point is added: '(e) administration of benchmarks in accordance with Regulation (EU) 2016/1011 which are used in the AIFs that they manage.'	SLC 1.05 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: b. Non-core services referred to in SLC 1.04(b) above without also being authorised to provide the services referred to in SLC 1.04(a) above; ... d. administration of benchmarks in accordance with Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, which are used in the AIFs that they manage.
Article 1(2)(d) amending Article 6:	SLC 1.09 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence

(d) paragraph 6 is replaced by the following: '6. Article 15, Article 16 except for paragraph 5, first subparagraph, and Articles 23, 24 and 25 of Directive 2014/65/EU shall apply where the services referred to in paragraph 4, points (a) and (b), of this Article, concerning one or more of the instruments listed in Annex I, Section C, to Directive 2014/65/EU, are provided by AIFMs.'	Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: The following Rules shall apply to the provision of services referred to in SLC 1.04 by Licence Holders: a. Rule 10.2 of Part A of the Investment Services Rules for Investment Service Providers; b. Rules R1-1.4.6, R1-1.4.4, R1-1.15.1.2, R1-1.8.13, R1-1.4.7, R1-1.8.1, R1-1.8.2, R1-1.8.3, R1-1.8.4, R1-1.8.5, R1-1.8.6, R1-1.8.9, R1-1.8.10, R1-1.8.11, R1-1.8.12, R1-1.4.11, R1-1.4.8, R1-1.4.9, R1-1.4.1 Chapter 2 of Title 1 of Part BI of these Rules; c. Part CI of the Investment Services Rules for Investment Service Providers; and; 2.17d. R.3.20, R.1.5.5, R.4.1.5, R.2.6, R.2.36, R.4.4.15, R.1.2.6, R.1.3.12, R.1.4.19, R.1.4.17(j), R.4.1.27, R.1.3.12, R.4.4.58, R.4.3.6, R.3.25, R.3.22, R.1.5.12, R.1.5.15, R.3.22, R.3.16, R.1.4.10, R.4.4, R.4.4.19, R.4.4.20, R.4.4.39, R.4.4.40, R.4.4.42, R.4.4.43, R.4.4.5, R.4.5.8, R.4.4.110, R.1.4.20, R.4.4.83, R.3.4, R.2.9, R.2.15, R.2.7, R.2.16, R.2.21, R.5.44 of the Conduct of Business Rulebook.
Article 1(4) amending Article 8(1)(c): '(c) the persons who effectively conduct the business of the AIFM are of sufficiently good repute and are sufficiently experienced also in relation to the investment strategies pursued by the AIF managed by the AIFM, the names of those persons and of every person succeeding them in the office are communicated forthwith to the competent authorities of the home Member States of the AIFM and the conduct of the business of the AIFM is decided by at least two natural persons meeting such conditions who either are employed full-time by that AIFM or are executive members or members of the governing body of the AIFM committed full-time to conducting the business of that AIFM, and who are domiciled in the Union;';	SLC 1.16 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: The Licence Holder's Investment Services Business shall be effectively directed or managed by at least two natural persons who are either employed full-time by that Licence Holder or are executive members of the governing body of the Licence Holder committed full-time to conduct the business of that Licence Holder and who are resident in the European Union, in satisfaction of the "dual control" principle. Such persons shall be of sufficiently good repute and sufficiently experienced so as to ensure the sound and prudent management of the Licence Holder.
Article 1(6) amending Article 14: '2a. Where an AIFM manages or intends to manage an AIF at the initiative of a third party, including cases where that AIF uses the name of a third-party initiator or where an AIFM appoints a third-party initiator as a delegate pursuant to Article 20, the AIFM shall, taking account of any conflicts of interest, submit detailed explanations and evidence of its compliance with paragraphs 1 and 2 of this Article to the competent authorities of its home Member State. In particular, the AIFM shall specify the reasonable steps it has taken to prevent conflicts of interest arising from the relationship with the third party or, where those conflicts of interest cannot be prevented, how it identifies, manages, monitors and, where applicable, discloses those conflicts of interest in order to prevent	SLC 4.08a of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: (4.08a) Where a Licence Holder manages or intends to manage an AIF at the initiative of a third party, including cases where that AIF uses the name of a third-party initiator or where a Licence Holder appoints a third-party initiator as a delegate pursuant to SLCs 4.01-4.08 of these Rules, the Licence Holder shall, taking account of any conflicts of interest, submit detailed explanations and evidence of its compliance with SLCs 3.08, 3.09 and 3.10 of these Rules to the MFSA. In particular, the Licence Holder shall specify the reasonable steps it has taken to prevent conflicts of interest arising from the relationship with the third

them from adversely affecting the interests of the AIF and its investors.'	party or, where those conflicts of interest cannot be prevented, how it identifies, manages, monitors and, where applicable, discloses those conflicts of interest in order to prevent them from adversely affecting the interests of the AIF and its investors. SLC 8.89 of Investment Services Rules for Alternative Investment Funds Part B Standard Licence Conditions Applicable to Alternative Investment Funds: (8.88a) Where a self-managed AIF manages or intends to manage an AIF at the initiative of a third party, including cases where that AIF uses the name of a third-party initiator or where a Licence Holder appoints a third-party initiator as a delegate pursuant to SLCs 8.81-8.88 of these Rules, the self-managed AIF shall, taking account of any conflicts of interest, submit detailed explanations and evidence of its compliance with SLCs 8.76, 8.77 and 8.78 of these Rules to the competent authorities of the MFSA. In particular, the self-managed AIF shall specify the reasonable steps it has taken to prevent conflicts of interest arising from the relationship with the third party or, where those conflicts of interest cannot be prevented, how it identifies, manages, monitors and, where applicable, discloses those conflicts of interest in order to prevent them from adversely affecting the interests of the AIF and its investors.
Article 1(7)(a)(i) amending Article 15: (a) paragraph 3 is amended as follows: (i) the following point is added: '(d) for loan-originating activities, implement effective policies, procedures and processes for the granting of loans.';	SLC 2.08 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: d. for loan-originating activities, implement effective policies, procedures and processes for the granting of loans. SLC 8.40 of Investment Services Rules for Alternative Investment Funds Part B Standard Licence Conditions Applicable to Alternative Investment Funds: iv. for loan-originating activities, implement effective policies, procedures and processes for the granting of loans.
Article 1(7)(a)(ii) amending Article 15: (ii) the following subparagraphs are added: 'For the purposes of the first subparagraph, point (d), where AIFMs manage AIFs that engage in loan origination, including when those AIFs gain exposure to loans through third parties, they shall also implement effective policies, procedures and processes for assessing the credit risk and for administering and monitoring their credit portfolio, keep those policies, procedures and processes up to date and effective, and review them regularly and at least once a year.	SLC 2.08 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: For the purposes of point (d), where Licence Holders manage AIFs that engage in loan origination, including when those AIFs gain exposure to loans through third parties, they shall also implement effective policies, procedures and processes for assessing the credit risk and for administering and monitoring their credit portfolio, keep those policies, procedures and processes up to date and effective, and review them regularly and at least once a year.

Without prejudice to Article 12(1), point (b), the requirements set out in the first subparagraph, point (d), and in the second subparagraph of this paragraph shall not apply to the origination of shareholder loans where the notional value of such loans does not exceed in aggregate 150 % of the capital of the AIF.;	Without prejudice to point (b) of SLC 3.01 of these Rules, the requirements set out in point (d), and in the second paragraph of this SLC shall not apply to the origination of shareholder loans where the notional value of such loans does not exceed in aggregate 150 % of the capital of the AIF. SLC 8.40 of Investment Services Rules for Alternative Investment Funds Part B Standard Licence Conditions Applicable to Alternative Investment Funds: For the purposes of the first subparagraph, point (iv), where self-managed AIFs engage in loan origination, including when those same AIFs gain exposure to loans through third parties, they shall also implement effective policies, procedures and processes for assessing the credit risk and for administering and monitoring their credit portfolio, keep those policies, procedures and processes up to date and effective, and review them regularly and at least once a year. Without prejudice to SLC 8.68 point (b), the requirements set out in the first subparagraph, point (d), and in the second subparagraph of this paragraph shall not apply to the origination of shareholder loans where the notional value of such loans does not exceed in aggregate 150 % of the capital of the AIF.
Article 1(7)(b) amending Article 15: b) the following paragraphs are inserted: '4a. An AIFM shall ensure that, where an AIF it manages originates loans, the notional value of the loans originated to any single borrower by that AIF does not exceed in aggregate 20 % of the capital of the AIF where the borrower is one of the following: (a) a financial undertaking as defined in Article 13, point (25), of Directive 2009/138/EC of the European Parliament and of the Council (*5); (b) an AIF; or (c) a UCITS. The restriction set out in the first subparagraph of this paragraph shall be without prejudice to the thresholds, restrictions and conditions set out in Regulations (EU) No 345/2013 (*6), (EU) No 346/2013 (*7) and (EU) 2015/760 (*8) of the European Parliament and of the Council.	SLC 12.01 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: (12.01). A Licence Holder shall ensure that, where an AIF it manages originates loans, the notional value of the loans originated to any single borrower by that AIF does not exceed in aggregate 20 % of the capital of the AIF where the borrower is one of the following: (a) a financial undertaking as defined in Article 13, point (25), of Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II); (b) an AIF; or (c) a UCITS. The restriction set out in the first paragraph of this SLC shall be without prejudice to the thresholds, restrictions and conditions set out in Regulations (EU) No 345/2013, (EU) No 346/2013 and (EU) 2015/760 of the European Parliament and of the Council. SLC 8.89 of Investment Services Rules for Alternative Investment Funds Part B Standard Licence Conditions Applicable to Alternative Investment Funds: 8.89 A self-managed AIF shall ensure that, where it originates loans, the notional value of the loans originated to any single borrower by that AIF does not exceed in aggregate 20 % of the capital of the AIF where the borrower is one of the following:

	(a) a financial undertaking as defined in Article 13, point (25), of Directive 2009/138/EC of the European Parliament and of the Council; (b) an AIF; or (c) a UCITS. The restriction set out in the first subparagraph of this paragraph shall be without prejudice to the thresholds, restrictions and conditions set out in Regulations (EU) No 345/2013, (EU) No 346/2013 and (EU) 2015/760 of the European Parliament and of the Council. SLC 4.16 of Appendix I Supplementary Licence Conditions for PIFs: <i>NOTE: This Section is applicable to self-managed PIFs targeting Qualifying Investors.</i> 4.16 A self-managed Scheme shall ensure that, where it originates loans, the notional value of the loans originated to any single borrower by that self-managed Scheme does not exceed in aggregate 20 % of the capital of the AIF where the borrower is one of the following: (a) a financial undertaking as defined in Article 13, point (25), of Directive 2009/138/EC of the European Parliament and of the Council; (b) an AIF; or (c) a UCITS. The restriction set out in the first paragraph of this SLC shall be without prejudice to the thresholds, restrictions and conditions set out in Regulations (EU) No 345/2013, (EU) No 346/2013 and (EU) 2015/760 of the European Parliament and of the Council
Article 1(7)(b) amending Article 15: 4b. An AIFM shall ensure that the leverage of a loan-originating AIF it manages represents no more than: (a) 175 %, where that AIF is open-ended; (b) 300 %, where that AIF is closed-ended. The leverage of a loan-originating AIF shall be expressed as the ratio between the exposure of that AIF, calculated according to the commitment method as defined in the delegated acts adopted pursuant to Article 4(3), and its net asset value. Borrowing arrangements which are fully covered by contractual capital commitments from investors in the loan-originating AIF shall not be considered to constitute exposure for the purpose of calculating the ratio referred to in the second subparagraph. In the event that a loan-originating AIF infringes the requirements laid down in this paragraph and the infringement is beyond the control of the AIFM that manages it, the AIFM shall, within an appropriate period, take such measures as are necessary to rectify	SLC 12.02 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: (12.02) A Licence Holder shall ensure that the leverage of a loan-originating AIF it manages represents no more than: (a) 175 %, where that AIF is open-ended; (b) 300 %, where that AIF is closed-ended. The leverage of a loan-originating AIF shall be expressed as the ratio between the exposure of that AIF, calculated according to the commitment method as defined in the delegated acts adopted pursuant to Article 4(3) of the AIFM Directive, and its net asset value. Borrowing arrangements which are fully covered by contractual capital commitments from investors in the loan-originating AIF shall not be considered to constitute exposure for the purpose of calculating the ratio referred to in the second paragraph. In the event that a loan-originating AIF infringes the requirements laid down in this paragraph and the

the position, taking due account of the interests of the investors in the loan-originating AIF.

Without prejudice to the powers of the competent authorities referred to in Article 25(3), the requirements set out in the first subparagraph of this paragraph shall not apply to a loan-originating AIF whose lending activities consist solely of originating shareholder loans, provided that the notional value of those loans does not exceed in aggregate 150 % of the capital of the AIF.

infringement is beyond the control of the Licence Holder that manages it, the Licence Holder shall, within an appropriate period, take such measures as are necessary to rectify the position, taking due account of the interests of the investors in the loan-originating AIF.

Without prejudice to the powers of the competent authority referred to in Regulation 6(3), 6(4) and 6(5) of the Investment Services Act (Alternative Investment Fund Managers) Regulations, the requirements set out in the first paragraph of this SLC shall not apply to a loan-originating AIF whose lending activities consist solely of originating shareholder loans, provided that the notional value of those loans does not exceed in aggregate 150 % of the capital of the AIF.

SLC 8.90 of Investment Services Rules for Alternative Investment Funds Part B Standard Licence Conditions Applicable to Alternative Investment Funds:

8.90. A self-managed AIF shall ensure that the leverage of that same loan-originating AIF represents no more than:

- (a) 175 %, where the AIF is open-ended;
- (b) 300 %, where the AIF is closed-ended.

The leverage of a loan-originating AIF shall be expressed as the ratio between the exposure of that AIF, calculated according to the commitment method as defined in the delegated acts adopted pursuant to Article 4(3) of the AIFM Directive , and its net asset value.

Borrowing arrangements which are fully covered by contractual capital commitments from investors in the loan-originating AIF shall not be considered to constitute exposure for the purpose of calculating the ratio referred to in the second paragraph.

In the event that a loan-originating AIF infringes the requirements laid down in this SLC and the infringement is beyond the control of the AIF, that same AIF shall, within an appropriate period, take such measures as are necessary to rectify the position, taking due account of the interests of the investors in the loan-originating AIF.

Without prejudice to the powers of the competent authorities referred to in Regulation 6(3), (4) and (5) of the AIFM Regulations, the requirements set out in the first paragraph of this SLC shall not apply to a loan-originating AIF whose lending activities consist solely of originating shareholder loans, provided that the notional value of those loans does not exceed in aggregate 150 % of the capital of the AIF.

SLC 4.17 of Appendix I Supplementary Licence Conditions for PIFs:

4.17 A self-managed Scheme shall ensure that the leverage of that same loan-originating AIF represents no more than:

- (a) 175 %, where the Scheme is open-ended;

	(b) 300 %, where the Scheme is closed-ended. The leverage of a loan-originating Scheme shall be expressed as the ratio between the exposure of that Scheme, calculated according to the commitment method as defined in the delegated acts adopted pursuant to Article 4(3) of the AIFM Directive , and its net asset value. Borrowing arrangements which are fully covered by contractual capital commitments from investors in the loan-originating self-managed Scheme shall not be considered to constitute exposure for the purpose of calculating the ratio referred to in the second paragraph. In the event that a loan-originating self-managed Scheme infringes the requirements laid down in this paragraph and the infringement is beyond the control of the Scheme, that same Scheme shall, within an appropriate period, take such measures as are necessary to rectify the position, taking due account of the interests of the investors in the loan-originating Scheme. Without prejudice to the powers of the MFSA referred to in Regulation 6(3), (4) and (5) of the AIFM Regulations, the requirements set out in the first paragraph of this SLC shall not apply to a loan-originating Scheme whose lending activities consist solely of originating shareholder loans, provided that the notional value of those loans does not exceed in aggregate 150 % of the capital of the Scheme.
Article 1(7)(b) amending Article 15: 4c. The investment limit of 20 % laid down in paragraph 4a shall: (a) apply by the date specified in the AIF rules, instruments of incorporation or prospectus, which shall be no later than 24 months from the date of the first subscription for units or shares of the AIF; (b) cease to apply once the AIFM starts to sell assets of the AIF in order to redeem units or shares as part of the liquidation of the AIF; and (c) be temporarily suspended where the capital of the AIF is increased or reduced. The suspension referred to in the first subparagraph, point (c), shall be limited in time to the period that is strictly necessary, taking due account of the interests of the investors in the AIF, and, in any case, shall last no longer than 12 months.	SLC 12.03 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: (12.03) The investment limit of 20 % laid down in SLC 12.01 shall: (a) apply by the date specified in the AIF rules, instruments of incorporation or prospectus, which shall be no later than 24 months from the date of the first subscription for units or shares of the AIF; (b) cease to apply once the Licence Holder starts to sell assets of the AIF in order to redeem units or shares as part of the liquidation of the AIF; and (c) be temporarily suspended where the capital of the AIF is increased or reduced. The suspension referred to in point (c) of SLC 12.03 of these Rules, shall be limited in time to the period that is strictly necessary, taking due account of the interests of the investors in the AIF, and, in any case, shall last no longer than 12 months. SLC 8.91 of Investment Services Rules for Alternative Investment Funds Part B Standard Licence Conditions Applicable to Alternative Investment Funds: The investment limit of 20 % laid down in SLC 8.90 shall: (a) apply by the date specified in the AIF rules, instruments of incorporation or prospectus, which

	shall be no later than 24 months from the date of the first subscription for units or shares of the AIF; (b) cease to apply once the self-Managed AIF starts to sell its assets in order to redeem units or shares as part of the liquidation of the AIF; and (c) be temporarily suspended where the capital of the AIF is increased or reduced. The suspension referred to in the first paragraph, point (c), shall be limited in time to the period that is strictly necessary, taking due account of the interests of the investors in the AIF, and, in any case, shall last no longer than 12 months. SLC 4.18 of Appendix I Supplementary Licence Conditions for PIFs: 4.18 The investment limit of 20 % laid down in SLC 4.16 shall: (a) apply by the date specified in the PIF rules, instruments of incorporation or prospectus, which shall be no later than 24 months from the date of the first subscription for units or shares of the PIF; (b) cease to apply once the Scheme starts to sell assets of the Scheme in order to redeem units or shares as part of the liquidation of the Scheme; and (c) be temporarily suspended where the capital of the Scheme is increased or reduced. The suspension referred to in point (c) of SLC 4.18 of these Rules, shall be limited in time to the period that is strictly necessary, taking due account of the interests of the investors in the AIF, and, in any case, shall last no longer than 12 months.
Article 1(7)(b) amending Article 15: 4d. The application date referred to in paragraph 4c, first subparagraph, point (a), shall take account of the particular features and characteristics of the assets to be invested by the AIF. In exceptional circumstances, the competent authorities of the AIFM, upon submission of a duly justified investment plan, may approve an extension of that time limit of no more than 12 additional months.	SLC 12.04 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: (12.04) The application date referred to in SLC 12.03, first paragraph, point (a), shall take account of the particular features and characteristics of the assets to be invested by the AIF. In exceptional circumstances, the MFSA upon submission of a duly justified investment plan, may approve an extension of that time limit of no more than 12 additional months. SLC 8.92 of Investment Services Rules for Alternative Investment Funds Part B Standard Licence Conditions Applicable to Alternative Investment Funds: 8.92. The application date referred to in paragraph 8.91, first paragraph, point (a), shall take account of the particular features and characteristics of the assets to be invested by the AIF. In exceptional circumstances, the MFSA, upon submission of a duly justified investment plan, may approve an extension of that time limit of no more than 12 additional months. SLC 4.19 of Appendix I Supplementary Licence Conditions for PIFs:

	4.19 The application date referred to in paragraph 4.18, first subparagraph, point (a), shall take account of the particular features and characteristics of the assets to be invested by the Scheme. In exceptional circumstances, the MFSA, upon submission of a duly justified investment plan, may approve an extension of that time limit of no more than 12 additional months.
Article 1(7)(b) amending Article 15: 4e. The AIFM shall ensure that an AIF it manages does not grant loans to the following entities: (a) the AIFM or the staff of that AIFM; (b) the AIF's depositary or the entities to which the depositary has delegated functions in respect of the AIF in accordance with Article 21; (c) an entity to which the AIFM has delegated functions in accordance with Article 20 or the staff of that entity; (d) an entity within the same group, as defined in Article 2, point (11), of Directive 2013/34/EU of the European Parliament and the Council (*9), as the AIFM, except where that entity is a financial undertaking that exclusively finances borrowers that are not referred to in points (a), (b) and (c) of this paragraph.	SLC 12.05 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: (12.05) The Licence Holder shall ensure that an AIF it manages does not grant loans to the following entities: (a) the Licence Holder or the staff of that Licence Holder; (b) the AIF's depositary or the entities to which the depositary has delegated functions in respect of the AIF in accordance with Rules 4.14-4.18 of Part BIV of the ISP Rules; (c) an entity to which the Licence Holder has delegated functions in accordance with SLCs 4.01-4.08 of these Rules or the staff of that entity; (d) an entity within the same group, as defined in Article 2, point (11), of Directive 2013/34/EU of the European Parliament and the Council, as the Licence Holder, except where that entity is a financial undertaking that exclusively finances borrowers that are not referred to in points (a), (b) and (c) of this paragraph. SLC 8.93 of Investment Services Rules for Alternative Investment Funds Part B Standard Licence Conditions Applicable to Alternative Investment Funds: 8.93. The self-managed AIF shall ensure that it does not grant loans to the following entities: (a) the AIF or the staff of that AIF; (b) the AIF's depositary or the entities to which the depositary has delegated functions in respect of the AIF in accordance with Article 21 of the AIFM Directive; (c) an entity to which the self-managed AIF has delegated functions in accordance with SLCs 8.81 to 8.87 of these Rules, or the staff of that entity; (d) an entity within the same group, as defined in Article 2, point (11), of Directive 2013/34/EU of the European Parliament and the Council, as the AIFM, except where that entity is a financial undertaking that exclusively finances borrowers that are not referred to in points (a), (b) and (c) of this paragraph. SLC 4.20 of Appendix I Supplementary Licence Conditions for PIFs: 4.20 The self-managed Scheme shall ensure that it does not grant loans to the following entities: (a) the Scheme or the staff of that Scheme; (b) the Scheme's depositary or the entities to which the depositary has delegated functions in respect of the Scheme;

	(c) an entity to which the self-managed Scheme has delegated functions or the staff of that entity; (d) an entity within the same group, as defined in Article 2, point (11), of Directive 2013/34/EU of the European Parliament and the Council, as the self-managed Scheme, except where that entity is a financial undertaking that exclusively finances borrowers that are not referred to in points (a), (b) and (c) of this paragraph.
Article 1(7)(b) amending Article 15: 4f. Where an AIF originates loans, the proceeds of the loans, minus any allowable fees for their administration, shall be attributed to that AIF in full. All costs and expenses linked to the administration of the loans shall be disclosed in accordance with Article 23.	SLC 12.06 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: (12.06) Where an AIF originates loans, the proceeds of the loans, minus any allowable fees for their administration, shall be attributed to that AIF in full. All costs and expenses linked to the administration of the loans shall be disclosed in accordance with SLC 7.04 of these Rules. SLC 8.94 of Investment Services Rules for Alternative Investment Funds Part B Standard Licence Conditions Applicable to Alternative Investment Funds: 8.94. Where a self-managed AIF originates loans, the proceeds of the loans, minus any allowable fees for their administration, shall be attributed to that AIF in full. All costs and expenses linked to the administration of the loans shall be disclosed in accordance with Appendix 4 to Part B of the AIF Rules. SLC 4.21 of Appendix I Supplementary Licence Conditions for PIFs: 4.21 Where a Scheme originates loans, the proceeds of the loans, minus any allowable fees for their administration, shall be attributed to that Scheme in full. All costs and expenses linked to the administration of the loans shall be disclosed.
Article 1(7)(b) amending Article 15: 4g. Without prejudice to other instruments of Union law, a Member State may prohibit AIFs that originate loans from granting loans to consumers as defined in Article 3, point (a), of Directive 2008/48/EC of the European Parliament and of the Council (*10) in its territory, and may prohibit AIFs from servicing credits granted to such consumers in its territory. Such prohibition shall not affect the marketing in the Union of AIFs granting loans to consumers or servicing credits granted to consumers.	The MFSA may not exercise this option for AIFs, but may exercise it for PIFs. SLC 4.23 of Appendix I Supplementary Licence Conditions for PIFs refers.
Article 1(7)(b) amending Article 15: 4h. Member States shall prohibit AIFMs from managing AIFs that engage in loan origination where the whole or part of the investment strategy of those AIFs is to originate loans with the sole purpose of transferring those loans or exposures to third parties.	SLC 12.08 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers:

	(12.08) Licence Holders shall not manage AIFs that engage in loan origination where the whole or part of the investment strategy of those AIFs is to originate loans with the sole purpose of transferring those loans or exposures to third parties. SLC 8.96 of Investment Services Rules for Alternative Investment Funds Part B Standard Licence Conditions Applicable to Alternative Investment Funds: 8.96. Self-managed AIFs are prohibited from engaging in loan origination where the whole or part of the investment strategy of those AIFs is to originate loans with the sole purpose of transferring those loans or exposures to third parties. SLC 4.23 of Appendix I Supplementary Licence Conditions for PIFs: 4.23 Self-managed Schemes are prohibited from engaging in loan origination where the whole or part of the investment strategy of those Schemes is to originate loans with the sole purpose of transferring those loans or exposures to third parties. Additionally, Self-managed Schemes are prohibited from granting loans to consumers as defined in Article 3, point (a), of Directive 2008/48/EC, the Consumer Directive.
Article 1(7)(b) amending Article 15: 4i. An AIFM shall ensure that the AIF it manages retains 5 % of the notional value of each loan that the AIF has originated and subsequently transferred to third parties. That percentage of each loan shall be retained: (a) until maturity, for loans whose maturity is a period of up to eight years, or for loans granted to consumers regardless of their maturity; and (b) for a period of at least eight years for other loans. By way of derogation from the first subparagraph, the requirement set out therein shall not apply where: (a) the AIFM starts to sell assets of the AIF in order to redeem units or shares as part of the liquidation of the AIF; (b) the disposal is necessary for the purposes of compliance with restrictive measures adopted under Article 215 TFEU, or with product requirements; (c) the sale of the loan is necessary to enable the AIFM to implement the investment strategy of the AIF it manages in the best interests of the AIF's investors; or (d) the sale of the loan is due to a deterioration in the risk associated with the loan, detected by the AIFM as part of its due diligence and risk management process	SLC 12.09 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: (12.09) A Licence Holder shall ensure that the AIF it manages retains 5 % of the notional value of each loan that the AIF has originated and subsequently transferred to third parties. That percentage of each loan shall be retained: (a) until maturity, for loans whose maturity is a period of up to eight years, or for loans granted to consumers regardless of their maturity; and (b) for a period of at least eight years for other loans. By way of derogation from the first paragraph, the requirement set out therein shall not apply where: (a) the Licence Holder starts to sell assets of the AIF in order to redeem units or shares as part of the liquidation of the AIF; (b) the disposal is necessary for the purposes of compliance with restrictive measures adopted under Article 215 TFEU, or with product requirements; (c) the sale of the loan is necessary to enable the Licence Holder to implement the investment strategy of the AIF it manages in the best interests of the AIF's investors; or (d) the sale of the loan is due to a deterioration in the risk associated with the loan, detected by the Licence Holder as part of its due diligence and risk

referred to in Article 15(3), and the purchaser is informed of that deterioration when buying the loan. Upon the request of the competent authorities of its home Member State, the AIFM shall demonstrate that it meets the conditions for the application of the relevant derogation set out in the second subparagraph.	management process referred to in SLC 2.08 of these Rules, and the purchaser is informed of that deterioration when buying the loan. Upon the request of the MFSA, the Licence Holder shall demonstrate that it meets the conditions for the application of the relevant derogation set out in the second paragraph. SLC 8.97 of Investment Services Rules for Alternative Investment Funds Part B Standard Licence Conditions Applicable to Alternative Investment Funds: 8.97. A self-managed AIF shall ensure that it retains 5 % of the notional value of each loan that the AIF has originated and subsequently transferred to third parties. That percentage of each loan shall be retained: (a) until maturity, for loans whose maturity is a period of up to eight years, or for loans granted to consumers regardless of their maturity; and (b) for a period of at least eight years for other loans. By way of derogation from the first subparagraph, the requirement set out therein shall not apply where: (a) the self-managed AIF starts to sell assets in order to redeem units or shares as part of the liquidation of the AIF; (b) the disposal is necessary for the purposes of compliance with restrictive measures adopted under Article 215 TFEU, or with product requirements; (c) the sale of the loan is necessary to enable the self-managed AIF to implement its investment strategy in the best interests of the AIF's investors; or (d) the sale of the loan is due to a deterioration in the risk associated with the loan, detected by the self-managed AIF as part of its due diligence and risk management process referred to in SLC 8.40 of these rules, and the purchaser is informed of that deterioration when buying the loan. Upon the request of the MFSA, the self-managed AIF shall demonstrate that it meets the conditions for the application of the relevant derogation set out in the second subparagraph. SLC 4.24 of Appendix I Supplementary Licence Conditions for PIFs: 4.24 A self-managed Scheme shall ensure that it retains 5 % of the notional value of each loan that the Scheme has originated and subsequently transferred to third parties. That percentage of each loan shall be retained: (a) until maturity, for loans whose maturity is a period of up to eight years, or for loans granted to consumers regardless of their maturity; and (b) for a period of at least eight years for other loans. By way of derogation from the first paragraph, the requirement set out therein shall not apply where: (a) the self-managed Scheme starts to sell assets in order to redeem units or shares as part of the liquidation of the Scheme;
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	(b) the disposal is necessary for the purposes of compliance with restrictive measures adopted under Article 215 TFEU, or with product requirements; (c) the sale of the loan is necessary to enable the self-managed Scheme to implement its investment strategy in the best interests of the Scheme's investors; or (d) the sale of the loan is due to a deterioration in the risk associated with the loan, detected by the self-managed Scheme as part of its due diligence and risk management process, and the purchaser is informed of that deterioration when buying the loan. Upon the request of the MFSA, the self-managed Scheme shall demonstrate that it meets the conditions for the application of the relevant derogation set out in the second paragraph.
Article 1(8) amending Article 16: '2a. An AIFM shall ensure that the loan-originating AIF it manages is closed-ended. By way of derogation from the first subparagraph, a loan-originating AIF may be open-ended provided that the AIFM that manages it is able to demonstrate to the competent authorities of the home Member State of the AIFM that the AIF's liquidity risk management system is compatible with its investment strategy and redemption policy. The requirement set out in the first subparagraph of this paragraph shall be without prejudice to the thresholds, restrictions and conditions set out in Regulations (EU) No 345/2013, (EU) No 346/2013 and (EU) 2015/760.	SLC 12.10 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: (12.10) A Licence Holder shall ensure that the loan-originating AIF it manages is closed-ended. By way of derogation from the first paragraph, a loan-originating AIF may be open-ended provided that the Licence Holder is able to demonstrate to the MFSA that the AIF's liquidity risk management system is compatible with its investment strategy and redemption policy. The requirement set out in the first paragraph of this SLC shall be without prejudice to the thresholds, restrictions and conditions set out in Regulations (EU) No 345/2013, (EU) No 346/2013 and (EU) 2015/760. SLC 8.98 of Investment Services Rules for Alternative Investment Funds Part B Standard Licence Conditions Applicable to Alternative Investment Funds: 8.98 A self-managed AIF shall ensure that the loan-originating AIF is closed-ended. By way of derogation from the first paragraph, a loan-originating AIF may be open-ended provided that the self-managed AIF is able to demonstrate to the MFSA that the AIF's liquidity risk management system is compatible with its investment strategy and redemption policy. The requirement set out in the first paragraph of this paragraph shall be without prejudice to the thresholds, restrictions and conditions set out in Regulations (EU) No 345/2013, (EU) No 346/2013 and (EU) 2015/760. SLC 4.25 of Appendix I Supplementary Licence Conditions for PIFs: 4.25 A self-managed Scheme shall ensure that the loan-originating Scheme is closed-ended.

	By way of derogation from the first paragraph, a loan-originating Scheme may be open-ended provided that the self-managed Scheme is able to demonstrate to the MFSA that the Scheme's liquidity risk management system is compatible with its investment strategy and redemption policy. The requirement set out in the first paragraph of this SLC shall be without prejudice to the thresholds, restrictions and conditions set out in Regulations (EU) No 345/2013, (EU) No 346/2013 and (EU) 2015/760.
Article 1(8) amending Article 16: 2b. With a view to ensuring that it complies with paragraphs 1 and 2 of this Article, an AIFM that manages an open-ended AIF shall select at least two appropriate liquidity management tools from those referred to in Annex V, points 2 to 8, after assessing the suitability of those tools in relation to the pursued investment strategy, the liquidity profile and the redemption policy of the AIF. The AIFM shall include those tools in the AIF rules or instruments of incorporation for possible use in the interest of the AIF's investors. It shall not be possible for that selection to include only the tools referred to in Annex V, points 5 and 6. By way of derogation from the first subparagraph, an AIFM may decide to select only one liquidity management tool from those referred to in Annex V, points 2 to 8, for an AIF it manages if that AIF is authorised as a money market fund in accordance with Regulation (EU) 2017/1131 of the European Parliament and of the Council (*11). The AIFM shall implement detailed policies and procedures for the activation and deactivation of any selected liquidity management tool and the operational and administrative arrangements for the use of such tool. The selection referred to in the first and second subparagraphs and the detailed policies and procedures for the activation and deactivation shall be communicated to the competent authorities of the home Member State of the AIFM. Redemption in kind as referred to in Annex V, point 8, shall only be activated to meet redemptions requested by professional investors and if the redemption in kind corresponds to a pro rata share of the assets held by the AIF. By way of derogation from the fourth subparagraph of this paragraph, the redemption in kind need not correspond to a pro rata share of the assets held by the AIF if that AIF is solely marketed to professional investors, or if the aim of that AIF's investment policy is to replicate the composition of a certain stock or debt securities index and that AIF is an exchange-traded fund as defined in Article 4(1), point (46), of Directive 2014/65/EU.	SLC 2.17 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: With a view to ensuring that it complies with SLC 2.11 and 2.14, a Licence Holder that manages an open-ended AIF shall select at least two appropriate liquidity management tools from those referred to in SLC 2.16 (ii) to (viii), after assessing the suitability of those tools in relation to the pursued investment strategy, the liquidity profile and the redemption policy of the AIF. The Licence Holder shall include those tools in the AIF rules or instruments of incorporation for possible use in the interest of the AIF's investors. It shall not be possible for that selection to include only the tools referred to in SLC 2.16, (v) and (vi). By way of derogation from the first paragraph, a Licence Holder may decide to select only one liquidity management tool from those referred to in SLC 2.16 (ii) to (viii), for an AIF it manages if that AIF is authorised as a money market fund in accordance with Regulation (EU) 2017/1131 of the European Parliament and of the Council. The Licence Holder shall implement detailed policies and procedures for the activation and deactivation of any selected liquidity management tool and the operational and administrative arrangements for the use of such tool. The selection referred to in the first and second paragraphs and the detailed policies and procedures for the activation and deactivation shall be communicated to the MFSA. Redemption in kind as referred to in SLC 2.16 (viii), shall only be activated to meet redemptions requested by professional investors and if the redemption in kind corresponds to a pro rata share of the assets held by the AIF. By way of derogation from the fourth paragraph of this SLC, the redemption in kind need not correspond to a pro rata share of the assets held by the AIF if that AIF is solely marketed to professional investors, or if the aim of that AIF's investment policy is to replicate the composition of a certain stock or debt securities index and that AIF is an exchange-traded fund as defined in Article 2(1) of the Financial Markets Act.

	SLC 8.50 of Investment Services Rules for Alternative Investment Funds Part B Standard Licence Conditions Applicable to Alternative Investment Funds: 8.50. With a view to ensuring that it complies with SLCs 8.45, 8.46, and 8.48 of these Rules, a self-managed AIF that is open-ended shall select at least two appropriate liquidity management tools from those referred to in SLC 2.16 of Part BIII of the ISP Rules (ii) to (viii), after assessing the suitability of those tools in relation to the pursued investment strategy, the liquidity profile and the redemption policy of the AIF. The self-managed AIF shall include those tools in the AIF rules or instruments of incorporation for possible use in the interest of the AIF's investors. It shall not be possible for that selection to include only the tools referred to in SLC 2.16 of Part BIII of the ISP Rules, (v) and (vi). By way of derogation from the first paragraph, a self-managed AIF may decide to select only one liquidity management tool from those referred to in SLC 2.16 of Part BIII of the ISP Rules, (ii) to (viii), for the AIF if it is authorised as a money market fund in accordance with Regulation (EU) 2017/1131 of the European Parliament and of the Council. The self-managed AIF shall implement detailed policies and procedures for the activation and deactivation of any selected liquidity management tool and the operational and administrative arrangements for the use of such tool. The selection referred to in the first and second paragraphs and the detailed policies and procedures for the activation and deactivation shall be communicated to the MFSA. Redemption in kind as referred to in SLC 2.16 of Part BIII of the ISP Rules (viii), shall only be activated to meet redemptions requested by professional investors and if the redemption in kind corresponds to a pro rata share of the assets held by the AIF. By way of derogation from the fourth paragraph of this paragraph, the redemption in kind need not correspond to a pro rata share of the assets held by the AIF if that AIF is solely marketed to professional investors, or if the aim of that AIF's investment policy is to replicate the composition of a certain stock or debt securities index and that AIF is an exchange-traded fund as defined in Article 2(1) of the Financial Markets Act.
Article 1(8) amending Article 16: 2c. An AIFM that manages an open-ended AIF may, in the interest of AIF investors, temporarily suspend the subscription, repurchase and redemption of the AIF units or shares as referred to in Annex V, point 1, or, where those tools are included in the AIF rules or instruments of incorporation, activate or deactivate other liquidity management tools selected from Annex V, points 2 to 8, in accordance with paragraph 2b of this Article. The AIFM may also, in the interest of the AIF investors, activate side pockets as referred to in Annex V, point 9. An AIFM shall only use a suspension of subscriptions, repurchases and redemptions or side pockets as	SLC 2.18 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: (2.18) A Licence Holder that manages an open-ended AIF may, in the interest of AIF investors, temporarily suspend the subscription, repurchase and redemption of the AIF units or shares as referred to in SLC 2.16 (i), or, where those tools are included in the AIF rules or instruments of incorporation, activate or deactivate other liquidity management tools selected from SLC 2.16 (ii) to (viii), in accordance with SLC 12.08 of these Rules. The Licence Holder may also, in the interest of

referred to in the first subparagraph in exceptional cases where circumstances so require and where justified having regard to the interests of the AIF investors.	the AIF investors, activate side pockets as referred to in SLC 2.16 (ix). A Licence Holder shall only use a suspension of subscriptions, repurchases and redemptions or side pockets as referred to in the first paragraph in exceptional cases where circumstances so require and where justified having regard to the interests of the AIF investors. SLC 8.51 of Investment Services Rules for Alternative Investment Funds Part B Standard Licence Conditions Applicable to Alternative Investment Funds: 8.51 A self-managed AIF that is open-ended may, in the interest of AIF investors, temporarily suspend the subscription, repurchase and redemption of the AIF units or shares as referred to in SLC 2.16 of Part BIII of the ISP Rules (i), or, where those tools are included in the AIF rules or instruments of incorporation, activate or deactivate other liquidity management tools selected from SLC 2.16 of Part BIII of the ISP Rules, (ii) to (viii), in accordance with SLC 8.50 of these Rules. The self-managed AIF may also, in the interest of the AIF investors, activate side pockets as referred to in SLC 2.16 of Part BIII of the ISP Rules (ix). A self-managed AIF shall only use a suspension of subscriptions, repurchases and redemptions or side pockets as referred to in the first subparagraph in exceptional cases where circumstances so require and where justified having regard to the interests of the AIF investors.
Article 1(8) amending Article 16: 2d. An AIFM shall, without delay, notify the competent authorities of its home Member State of the following: (a) where the AIFM activates or deactivates the liquidity management tool referred to in Annex V, point 1; (b) where the AIFM activates or deactivates any of the liquidity management tools referred to in Annex V, points 2 to 8, in a manner that is not in the ordinary course of business as envisaged in the AIF rules or instruments of incorporation. An AIFM shall, within a reasonable timeframe before it activates or deactivates the liquidity management tool referred to in Annex V, point 9, notify the competent authorities of its home Member State of such activation or deactivation. The competent authorities of the home Member State of the AIFM shall inform, without delay, the competent authorities of a host Member State of the AIFM, ESMA and, if there are potential risks to the stability and integrity of the financial system, the European Systemic Risk Board (ESRB) established by Regulation (EU) No 1092/2010 of the European Parliament and of the Council (*12) of any notifications received in accordance with this paragraph. ESMA shall have the	SLC 2.19 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: (2.19) A Licence Holder shall, without delay, notify the MFSA, of the following: (a) where the Licence Holder activates or deactivates the liquidity management tool referred to in SLC 2.16 (i); (b) where the Licence Holder activates or deactivates any of the liquidity management tools referred to in SLC 2.16, points (ii) to (viii), in a manner that is not in the ordinary course of business as envisaged in the AIF rules or instruments of incorporation. A Licence Holder shall, within a reasonable timeframe before it activates or deactivates the liquidity management tool referred to in SLC 2.16 (ix), MFSA of such activation or deactivation. (2.20) The Licence Holders shall have the liquidity management tools under Section 2.16 of the Rules. SLC 8.52 of Investment Services Rules for Alternative Investment Funds Part B Standard Licence Conditions Applicable to Alternative Investment Funds:

power to share the information received pursuant to this paragraph with the competent authorities	8.52 A self-managed AIF shall, without delay, notify the MFSA of the following: (a) where the self-managed AIF activates or deactivates the liquidity management tool referred to in SLC 2.16 of Part BIII of the ISP Rules; (b) where the self-managed AIF activates or deactivates any of the liquidity management tools referred to in SLC 2.16 of Part BIII of the ISP Rules (ii) to (viii), in a manner that is not in the ordinary course of business as envisaged in the AIF rules or instruments of incorporation. A self-managed AIF shall, within a reasonable timeframe before it activates or deactivates the liquidity management tool referred to in SLC 2.16 of Part BIII of the ISP Rules (ix), notify the MFSA of such activation or deactivation.8.53 The self-managed AIF shall have the liquidity management tools under SLC 2.16 of Part BIII of the ISP Rules.
Article 1(8) amending Article 16: 2e. Member States shall ensure that at least the liquidity management tools set out in Annex V are available to AIFMs managing open-ended AIFs.	SLC 2.20 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: (2.20) The Licence Holders shall have the liquidity management tools under Section 2.16 of the Rules. SLC 8.53 of Investment Services Rules for Alternative Investment Funds Part B Standard Licence Conditions Applicable to Alternative Investment Funds: 8.53 The self-managed AIF shall have the liquidity management tools under SLC 2.16 of Part BIII of the ISP Rules.
Article 1(9)(a)(i) amending Article 20: (a) in paragraph 1, the first subparagraph is amended as follows: (i) the introductory wording is replaced by the following: ‘AIFMs which intend to delegate to third parties the task of carrying out, on their behalf, one or more of the functions referred to in Annex I or of the services referred to in Article 6(4) shall notify the competent authorities of their home Member State before the delegation arrangements become effective. The following conditions shall be met:’;	SLC 4.01 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: A Licence Holder which intends delegating to third parties the task of carrying out one or more functions on its behalf shall notify the MFSA before the delegation arrangements become effective. The Licence Holder shall comply with the following requirements: SLC 8.81 of Investment Services Rules for Alternative Investment Funds Part B Standard Licence Conditions Applicable to Alternative Investment Funds: An AIF which intends delegating to third parties the task of carrying out one or more functions on its behalf shall notify the MFSA before the Delegation arrangements become effective. The AIF shall comply with the following requirements:
Article 1(9)(a)(ii) amending Article 20: ii) point (f) is replaced by the following:	SLC 4.01 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services

'(f) the AIFM must be able to demonstrate that the delegate is qualified and capable of undertaking the functions and providing the services in question, that it was selected with all due care and that the AIFM is in a position to monitor effectively at any time the delegated activity, to give at any time further instructions to the delegate and to withdraw the delegation with immediate effect where to do so is in the interest of investors.';	Licence Holders which Qualify as Alternative Investment Fund Managers: f. the Licence Holder must be able to demonstrate that the delegate is qualified and capable of undertaking the functions and providing the services in question, that it was selected with all due care and that the Licence Holder is in a position to monitor effectively at any time the delegated activity, to give at any time further instructions to the delegate and to withdraw the delegation with immediate effect where to do so when this is in the interest of investors. SLC 8.81 of Investment Services Rules for Alternative Investment Funds Part B Standard Licence Conditions Applicable to Alternative Investment Funds: vi. the AIF must be able to demonstrate that the delegate is qualified and capable of undertaking the functions and providing the services in question, that it was selected with all due care and that the AIF is in a position to monitor effectively at any time the delegated activity, to give at any time further instructions to the delegate and to withdraw the Delegation with immediate effect when this is in the interest of investors.
Article 1(9)(b) amending Article 20: (b) paragraph 3 is replaced by the following: '3. The AIFM's liability towards its clients, the AIF and its investors shall not be affected by the fact that the AIFM has delegated functions or services to a third party, or by any further sub-delegation. The AIFM shall not delegate the functions or services to the extent that, in essence, it can no longer be considered to be the manager of the AIF or the provider of the services referred to in Article 6(4) and to the extent that it becomes a letter-box entity. 3a. The AIFM shall ensure that the performance of the functions referred to in Annex I and the provision of the services referred to in Article 6(4) comply with this Directive. That obligation shall apply irrespective of the regulatory status or location of any delegate or sub-delegate.'	SLC 4.04 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: The liability of the Licence Holder towards its clients, the AIF and its investors shall not be affected by the fact that the Licence Holder has delegated functions to a third party, or by any further sub-delegation, nor shall the Licence Holder delegate its functions to the extent that in essence, it can no longer be considered to be the manager of the AIF and to the extent that it becomes a letter-box entity. The Licence Holder shall ensure that the performance of the functions referred to in SLC 1.03 and the provision of the services referred to in SLC 1.04 of these rules comply with the AIFM Directive. That obligation shall apply irrespective of the regulatory status or location of any delegate or sub-delegate. SLC 8.84 of Investment Services Rules for Alternative Investment Funds Part B Standard Licence Conditions Applicable to Alternative Investment Funds: The liability of the AIF towards its clients and the investors shall not be affected by the fact that the AIF has delegated functions to a third party, or by any further sub-Delegation, nor shall the AIF delegate its functions to the extent that in essence, it can no longer be considered to be the manager of the AIF and to the extent that it becomes a letter-box entity.

	The self-managed AIF shall ensure that the performance of the functions referred to in SLC 2.16 of Part BIII of the Investment Services Providers Rules and the provision of the services referred to in SLC 1.04 of Part BIII of the ISP Rules comply with the AIFM Directive. That obligation shall apply irrespective of the regulatory status or location of any delegate or sub-delegate.
Article 1(9)(c) amending Article 20: in paragraph 4, the introductory wording is replaced by the following: 'The third party may sub-delegate any of the functions or services delegated to it provided that the following conditions are met:';	SLC 4.05 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: The delegate may sub-delegate any of the functions or services delegated to it provided that the following conditions are met: SLC 8.85 of Investment Services Rules for Alternative Investment Funds Part B Standard Licence Conditions Applicable to Alternative Investment Funds: The delegate may sub-delegate any of the functions or services delegated to it provided that the following conditions are met:
Article 1(9)(d) amending Article 20: paragraph 6 is replaced by the following: '6. Where the sub-delegate further delegates any of the functions or services delegated to it, the conditions set out in paragraph 4 shall apply mutatis mutandis. 6a. By way of derogation from paragraphs 1 to 6 of this Article, where the marketing function referred to in Annex I, point 2(b), is performed by one or several distributors which are acting on their own behalf and which market the AIF in accordance with Directive 2014/65/EU or through insurance-based investment products in accordance with Directive (EU) 2016/97 of the European Parliament and of the Council (*13), such function shall not be considered to be a delegation subject to the requirements of paragraphs 1 to 6 of this Article irrespective of any distribution agreement between the AIFM and the distributor.	SLC 4.08 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: Where the sub-delegate further delegates any of the functions delegated to it, the conditions prescribed in SLC 4.05 shall apply mutatis mutandis. By way of derogation from SLCs 4.01-4.08 of these Rules, where the marketing function referred to in SLC 1.03 point 2(b) of these Rules, is performed by one or several distributors which are acting on their own behalf and which market the AIF in accordance with Directive 2014/65/EU or through insurance-based investment products in accordance with Directive (EU) 2016/97 of the European Parliament and of the Council, such function shall not be considered to be a delegation subject to the requirements of SLCs 4.01-4.08 of these Rules irrespective of any distribution agreement between the Licence Holder and the distributor. SLC 8.88 of Investment Services Rules for Alternative Investment Funds Part B Standard Licence Conditions Applicable to Alternative Investment Funds: Where the sub-delegate further delegates any of the functions delegated to it, the conditions prescribed in SLC 8.84 shall apply mutatis mutandis. By way of derogation from SLCs 8.81-8.88 of these Rules, where the marketing function referred to in SLC 8.01 point 2(b) of these Rules, is performed by one or

	several distributors which are acting on their own behalf and which market the AIF in accordance with Directive 2014/65/EU or through insurance-based investment products in accordance with Directive (EU) 2016/97 of the European Parliament and of the Council, such function shall not be considered to be a delegation subject to the requirements of SLCs 8.81-8.88 of these Rules irrespective of any distribution agreement between the Licence Holder and the distributor.
Article 1(10)(b)(i) amending Article 21: (b) paragraph 6 is amended as follows: (i) in the first subparagraph, points (c) and (d) are replaced by the following: ‘(c) the third country where the depositary is established is not identified as a high-risk third country pursuant to Article 9(2) of Directive (EU) 2015/849 of the European Parliament and of the Council (*14); (d) the Member States in which the units or shares of the non-EU AIF are intended to be marketed, and, insofar as different, the home Member State of the AIFM, have signed an agreement with the third country where the depositary is established which fully complies with the standards laid down in Article 26 of the OECD Model Tax Convention on Income and on Capital and ensures an effective exchange of information in tax matters including any multilateral tax agreements and that third country is not mentioned in Annex I to the Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes.’	SLC 5.01 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: ii. The third country where the Depositary is not identified as a high-risk third country pursuant to Article 9(2) of Directive (EU) 2015/849; iii. The Member States in which the units or shares of the non-EU AIF are intended to be marketed, and where the Licence Holder is licenced in Malta, the MFSA, have signed an agreement with the third country where the Depositary is established which fully complies with the standards prescribed in Article 26 of the OECD Model Tax Convention on Income and on Capital and ensures an effective exchange of information in tax matters including multilateral tax agreements and that third country is not mentioned in Annex I to the Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes;
Article 1(10)(b)(ii) amending Article 21: (ii) the following subparagraph is inserted after the first subparagraph: ‘By way of derogation from the introductory wording of the first subparagraph, the conditions in points (c) and (d) of that subparagraph shall apply at the time of the depositary’s appointment. If a third country where a depositary is established is identified as a high-risk third country pursuant to Article 9(2) of Directive (EU) 2015/849, as referred to in the first subparagraph, point (c), or is added to Annex I to the Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes, as referred to in the first subparagraph, point (d), after the time of the appointment of the depositary, a new depositary shall be appointed within an appropriate period, taking due account of the interests of investors. That period shall be no longer than two years.’;	SLC 5.01 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: By way of derogation from the introductory wording of the first paragraph, the conditions in points (iii) and (iv) of the above paragraph shall apply at the time of the depositary’s appointment. If a third country where a depositary is established is identified as a high-risk third country pursuant to Article 9(2) of Directive (EU) 2015/849, as referred to in the first paragraph, point (c), or is added to Annex I to the Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes, as referred to in the above paragraph, point (iv), after the time of the appointment of the depositary, a new depositary shall be appointed within an appropriate period, taking due account of the interests of investors. That period shall be no longer than two years.
Article (1)(11)(a)(i) amending Article 23: (a) paragraph 1 is amended as follows: (i) point (a) is replaced by the following:	Appendix 13 to Part B of the ISP Rules – Transparency Requirements SLC 3.01(a): (a) The name of the AIF, a description of the investment strategy and the objectives of the AIF, information on where any master AIF is established

'(a) the name of the AIF, a description of the investment strategy and objectives of the AIF, information on where any master AIF is established and where the underlying funds are established if the AIF is a fund of funds, a description of the types of assets in which the AIF may invest, the techniques it may employ and all associated risks, any applicable investment restrictions, the circumstances in which the AIF may use leverage, the types and sources of leverage permitted and the associated risks, any restrictions on the use of leverage and any collateral and asset reuse arrangements, and the maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF';	and where the underlying funds are established if the AIF is a fund of funds, a description of the types of assets in which the AIF may invest, the techniques it may employ and all associated risks, any applicable investment restrictions, the circumstances in which the AIF may use leverage, the types and sources of leverage permitted and the associated risks, any restriction on the use of leverage and any collateral and asset reuse arrangements, and the maximum level of leverage which the Licence Holder is entitled to employ on behalf of the AIF;
Article 1(11)(a)(ii) amending Article 23: (ii) point (h) is replaced by the following: '(h) a description of the AIF's liquidity risk management, including the redemption rights, both in normal and in exceptional circumstances, of the existing redemption arrangements with investors, and of the possibility of, and conditions for, using liquidity management tools selected in accordance with Article 16(2b)';	Appendix 13 to Part B of the ISP Rules – Transparency Requirements SLC 3.01: (h) A description of the AIF's liquidity risk management, including the redemption rights, both in normal and in exceptional circumstances, of the existing redemption arrangements with investors, and of the possibility of, and conditions for, using liquidity management tools selected in accordance with SLC 2.14 of Part BIII of the ISP Rules and SLC 8.48 of Part B of the AIF Rules;
Article 1(11)(a)(iii) amending Article 23: (iii) the following point is inserted: '(ia) a list of fees, charges and expenses that are borne by the AIFM in connection with the operation of the AIF and that are to be directly or indirectly allocated to the AIF';	Appendix 13 to Part B of the ISP Rules – Transparency Requirements SLC 3.01: (ia) a list of fees, charges and expenses that are borne by the Licence Holder in connection with the operation of the AIF and that are to be directly or indirectly allocated to the AIF; SLC 6.01 of Appendix 4 to Part B of the AIF Rules – Contents of the Offering Document: (ja) a list of fees, charges and expenses that are borne by the Licence Holder in connection with the operation of the AIF and that are to be directly or indirectly allocated to the AIF;
Article 1(11)(b) amending Article 23: in paragraph 4, the following points are added: '(d) the composition of the originated loan portfolio; (e) on an annual basis, all fees, charges and expenses that were directly or indirectly borne by investors; (f) on an annual basis, any parent undertaking, subsidiary or special purpose vehicle utilised in relation to the AIF's investments by or on behalf of the AIFM.';	Appendix 13 to Part B of the ISP Rules – Transparency Requirements SLC 3.05: The Licence Holder shall, for each of the EU AIFs it manages and for each of the AIFs markets in the European Union, periodically disclose to investors: (a) The percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature; (b) Any new arrangements for managing the liquidity of the AIF; (c) The current risk profile of the AIF and the risk management systems employed by the Licence Holder to manage those risks; (d) the composition of the originated loan portfolio; (e) on an annual basis, all fees, charges and expenses that were directly or indirectly borne by investors;

	(f) on an annual basis, any parent undertaking, subsidiary or special purpose vehicle utilised in relation to the AIF's investments by or on behalf of the Licence Holder. SLC 6.05 of Appendix 4 to Part B of the AIF Rules – Contents of the Offering Document The AIF shall periodically disclose to investors: (a) The percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature; (b) Any new arrangements for managing the liquidity of the AIF; (c) The current risk profile of the AIF and the risk management systems employed to manage those risks. (d) the composition of the originated loan portfolio; (e) on an annual basis, all fees, charges and expenses that were directly or indirectly borne by investors; (f) on an annual basis, any parent undertaking, subsidiary or special purpose vehicle utilised in relation to the AIF's investments by or on behalf of the Licence Holder.
Article 1(12)(a) amending Article 24: (a) paragraph 1 is replaced by the following: '1. An AIFM shall regularly report to the competent authorities of its home Member State on the markets and instruments in which it trades on behalf of the AIFs it manages. The AIFM shall, in respect of each AIF it manages, provide information on the instruments in which it is trading, on markets of which it is a member or where it actively trades, and on the exposures and assets of each AIF. That information shall include the identifiers that are necessary to connect the data provided on assets, AIFs and AIFMs to other supervisory or publicly available data sources.'	Appendix 13 to Part BIII of the ISP Rules – Transparency Requirements SLC 4.02: The Licence Holder shall provide information on the main instruments in which it is trading, on markets of which it is a member or where it actively trades, and on the principal exposures and most important concentrations of each of the AIFs it manages. That information shall include the identifiers that are necessary to connect the data provided on assets, AIFs and Licence Holders to other supervisory or publicly available data sources. Appendix 8 to Part B of the AIF Rules – Disclosure and Transparency Requirements SLC 3.02: The AIF shall provide information on the main instruments in which it is trading, on markets of which it is a member or where it actively trades, and on the principal exposures and most important concentrations of the AIF. That information shall include the identifiers that are necessary to connect the data provided on assets, AIFs and Licence Holders to other supervisory or publicly available data sources.
Article 1(12)(b)(i) amending Article 24: (b) paragraph 2 is amended as follows: (i) points (c) and (d) are replaced by the following: '(c) the current risk profile of the AIF, including the market risk, liquidity risk, counterparty risk, other risks including operational risk, and the total amount of leverage employed by the AIF;	Appendix 13 to Part BIII of the ISP Rules – Transparency Requirements SLC 3.05: The Licence Holder shall, for each of the EU AIFs it manages and for each of the AIFs it markets in the European Union, provide the MFSA with the following information: (a) The percentage of the AIF's assets which are subject to special arrangements

(d) information regarding delegation arrangements concerning portfolio management or risk management functions as follows: (i) information on the delegates, specifying their name and domicile or registered office or branch, whether they have any close links with the AIFM, whether they are authorised or regulated entities for the purposes of asset management, their supervisory authority, where relevant, and including the identifiers of the delegates that are necessary to connect the information provided to other supervisory or publicly available data sources; (ii) the number of full-time equivalent human resources employed by the AIFM for performing day-to-day portfolio management or risk management tasks within that AIFM; (iii) a list and description of the activities concerning portfolio management and risk management functions which are delegated; (iv) where the portfolio management function is delegated, the amount and percentage of the AIF's assets which are subject to delegation arrangements concerning the portfolio management function; (v) the number of full-time equivalent human resources employed by the AIFM to monitor the delegation arrangements; (vi) the number and dates of the periodic due diligence reviews carried out by the AIFM to monitor the delegated activity, a list of issues identified and, where relevant, of the measures adopted to address those issues and the date by which those measures are to be implemented; (vii) where sub-delegation arrangements are in place, the information required under points (i), (iii) and (iv) in respect of the sub-delegates and the activities related to the portfolio management and risk management functions that are sub-delegated; (viii) the commencement and expiry dates of the delegation and sub-delegation arrangements.';	arising from their illiquid nature; (b) Any new arrangements for managing the liquidity of the AIF; (c) The current risk profile of the AIF, including the market risk, liquidity risk, counterparty risk, other risks including operational risk, and the total amount of leverage employed by the AIF; (d) Information regarding delegation arrangements concerning portfolio management or risk management functions as follows: (i) information on the delegates, specifying their name and domicile or registered office or branch, whether they have any close links with the Licence Holder, whether they are authorised or regulated entities for the purposes of asset management, their supervisory authority, where relevant, and including the identifiers of the delegates that are necessary to connect the information provided to other supervisory or publicly available data sources; (ii) the number of full-time equivalent human resources employed by the Licence Holder for performing day-to-day portfolio management or risk management tasks within that Licence Holder; (iii) a list and description of the activities concerning portfolio management and risk management functions which are delegated; (iv) where the portfolio management function is delegated, the amount and percentage of the AIF's assets which are subject to delegation arrangements concerning the portfolio management function; (v) the number of full-time equivalent human resources employed by the Licence Holder to monitor the delegation arrangements; (vi) the number and dates of the periodic due diligence reviews carried out by the Licence Holder to monitor the delegated activity, a list of issues identified and, where relevant, of the measures adopted to address those issues and the date by which those measures are to be implemented; (vii) where sub-delegation arrangements are in place, the information required under points (i), (iii) and (iv) in respect of the sub-delegates and the activities related to the portfolio management and risk management functions that are sub-delegated; (viii) the commencement and expiry dates of the delegation and sub-delegation arrangements. (e) The results of the stress tests performed in accordance with SLCs 2.08(ii), 2.11 and 2.12 of Part BIII of these Rules. (f) the list of Member States in which the units or shares of the AIF are actually marketed by the Licence
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	Holder or by a distributor which is acting on behalf of that Licence Holder. Provided that in complying with SLC 4.03 above, the Licence Holder shall submit to the MFSA the information prescribed in Annex 3 to this Appendix and shall further comply with: a. the applicable provisions 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, depositaries, leverage, transparency and supervision; and b. the ESMA Guidelines on reporting obligations under Articles 3(3)(d) and 24(1), (2) and (4) of the AIFMD [ESMA/2013/1339 (revised)]. Appendix 8 to Investment Services Rules for Alternative Investment Funds Part B Standard Licence Conditions Applicable to Alternative Investment Funds – Disclosure & Transparency Requirements SLC 3.04: (c) The current risk profile of the AIF, including the market risk, liquidity risk, counterparty risk, other risks including operational risk, and the total amount of leverage employed by the AIF; (d) Information regarding delegation arrangements concerning portfolio management or risk management functions as follows: (i) information on the delegates, specifying their name and domicile or registered office or branch, whether they have any close links with the AIFM, whether they are authorised or regulated entities for the purposes of asset management, their supervisory authority, where relevant, and including the identifiers of the delegates that are necessary to connect the information provided to other supervisory or publicly available data sources; (ii) the number of full-time equivalent human resources employed by the AIFM for performing day-to-day portfolio management or risk management tasks within that AIFM; (iii) a list and description of the activities concerning portfolio management and risk management functions which are delegated; (iv) where the portfolio management function is delegated, the amount and percentage of the AIF's assets which are subject to delegation arrangements concerning the portfolio management function; (v) the number of full-time equivalent human resources employed by the AIFM to monitor the delegation arrangements;
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	(vi) the number and dates of the periodic due diligence reviews carried out by the AIFM to monitor the delegated activity, a list of issues identified and, where relevant, of the measures adopted to address those issues and the date by which those measures are to be implemented; (vii) where sub-delegation arrangements are in place, the information required under points (i), (iii) and (iv) in respect of the sub-delegates and the activities related to the portfolio management and risk management functions that are sub-delegated; (viii) the commencement and expiry dates of the delegation and sub-delegation arrangements.
Article 1(12)(b)(ii) amending Article 24: (ii) the following point is added: '(f) the list of Member States in which the units or shares of the AIF are actually marketed by the AIFM or by a distributor which is acting on behalf of that AIFM.';	Appendix 13 to Part BIII of the ISP Rules – Transparency Requirements SLC 4.03: (f) the list of Member States in which the units or shares of the AIF are actually marketed by the Licence Holder or by a distributor which is acting on behalf of that Licence Holder. Appendix 8 to Investment Services Rules for Alternative Investment Funds Part B Standard Licence Conditions Applicable to Alternative Investment Funds – Disclosure & Transparency Requirements SLC 3.04: (f) The list of Member States in which the units or shares of the AIF are actually marketed by the AIFM or by a distributor which is acting on behalf of that AIFM.
Article 1(12)(c) amending Article 24: (c) in paragraph 5, the second subparagraph is replaced by the following: 'In exceptional circumstances, and where required in order to ensure the stability and integrity of the financial system or to promote long-term sustainable growth, ESMA after consulting the ESRB may request the competent authorities of the home Member State of the AIFM to impose additional reporting requirements.';	SLC7.06 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: In exceptional circumstances and where required in order to ensure the stability and integrity of the financial system or to promote long-term sustainable growth, the MFSA may impose additional reporting requirements following a specific request by ESMA to do so, provided that ESMA has first consulted the ESRB.
Article 1(24)(a) amending Article 61: Article 61 is amended as follows: (a) paragraph 5 is deleted;	ISP Part BIII SLC 5.01: (b) For a fund which qualifies as a Professional Investor Fund or an AIF licenced in Malta, a Depositary having a Depositary Investment Services Licence issued by the Authority or a credit institution having its registered office in the EU and authorised in accordance with Directive 2013/36/EU.
Article 1(24)(b) amending Article 61: (b) the following paragraph is added: '6. AIFMs managing AIFs that originate loans and that were constituted before 15 April 2024 shall be deemed to comply with Article 15(4a) to (4d) and Article 16(2a) until 16 April 2029.	ISP Part BIII New SLC following 12.11: (12.11) Licence Holders managing AIFs that originate loans and that were constituted before 15 April 2024 in accordance with the MFSA Rulebook titled "Standard Licence Conditions Applicable to Collective Investment Schemes authorised to invest through loans" shall be deemed to comply with SLC 12.01 to 12.04 and SLC 12.07 until 16 April 2029.

Until 16 April 2029, where the notional value of the loans originated by an AIF to any single borrower, or the leverage of an AIF, is above the limits referred to in Article 15(4a) and (4b) respectively, AIFMs managing those AIFs shall not increase that value or that leverage. Where the notional value of the loans originated by an AIF to any single borrower, or the leverage of an AIF, is below the limits referred to in Article 15(4a) and (4b) respectively, AIFMs managing those AIFs shall not increase that value or that leverage above those limits. AIFMs managing AIFs that originate loans, that were constituted before 15 April 2024 and that do not raise additional capital after 15 April 2024 shall be deemed to comply with Article 15(4a) to (4d) and Article 16(2a) in respect of those AIFs. Notwithstanding the first, second and third subparagraphs of this paragraph, an AIFM managing AIFs that originate loans and that were constituted before 15 April 2024 may choose to be subject to Article 15(4a) to (4d) and Article 16(2a), provided that the competent authorities of the home Member State of the AIFM are notified thereof. Where AIFs originate loans before 15 April 2024, AIFMs may continue to manage such AIFs without complying with Article 15(3), point (d), and Article 15(4e), (4f), (4g), (4h) and (4i) in respect of those loans.'	Until 16 April 2029, where the notional value of the loans originated by an AIF to any single borrower, or the leverage of an AIF, is above the limits referred to in SLC following 12.01 and 12.02 respectively, Licence Holders managing those AIFs shall not increase that value or that leverage. Where the notional value of the loans originated by an AIF to any single borrower, or the leverage of an AIF, is below the limits referred to in SLC following 12.01 and 12.02 respectively, Licence Holders managing those AIFs shall not increase that value or that leverage above those limits. Licence Holders managing AIFs that originate loans, that were constituted before 15 April 2024 and that do not raise additional capital after 15 April 2024 shall be deemed to comply with SLC following 12.01 and 12.02 and SLC following 12.08 in respect of those AIFs. Notwithstanding the first, second and third paragraphs of this SLC, a Licence Holder managing AIFs that originate loans and that were constituted before 15 April 2024 may choose to be subject to SLC following 12.01 to 12.04 and SLC 12.07 provided that the MFSA is notified thereof. Where AIFs originate loans before 15 April 2024, Licence Holders may continue to manage such AIFs without complying with SLC 2.08 point (d), and SLC 2.09 (v) to (viii) in respect of those loans. SLC 4.26 of Appendix I Supplementary Licence Conditions for PIFs: 4.26 Self-managed Schemes that originate loans and that were constituted before 15 April 2024 in accordance with the MFSA Rulebook titled "Standard Licence Conditions Applicable to Collective Investment Schemes authorised to invest through loans" shall be deemed to comply with SLC 4.16 to 4.19 and SLC 4.21 until 15 April 2029. Until 16 April 2029, where the notional value of the loans originated by a self-managed Scheme to any single borrower, or the leverage of a self-managed Scheme, is above the limits referred to in SLC following 4.16 and 4.17 respectively, self-managed Schemes shall not increase that value or that leverage. Where the notional value of the loans originated by a self-managed Scheme to any single borrower, or the leverage of a Scheme, is below the limits referred to in SLC following 4.16 and 4.17 respectively, self-managed Schemes shall not increase that value or that leverage above those limits. Self-managed Schemes that originate loans, that were constituted before 15 April 2024 and that do not raise additional capital after 15 April 2024 shall be deemed to comply with SLC following 4.16 and 4.17 and SLC following 4.22 in respect of those Schemes. Notwithstanding the first, second and third paragraphs of this SLC, a Self-Managed Scheme that originate loans and that were constituted before 15 April 2024
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	may choose to be subject to SLC following 4.16 to 4.19 and SLC 4.21 provided that the MFSA is notified thereof. Where self-managed Schemes originate loans before 15 April 2024, self-managed Schemes may continue to manage these Schemes without complying with SLC 2.08 point (d), and SLC 2.09 (v) to (viii) of Part BIII for AIFMs in respect of those loans.
Article 1(26): Annex I is amended in accordance with Annex I to this Directive;	ISP Part BIII SLC 1.03: iv. Originating loans on behalf of an AIF; v. Servicing securitisation special purpose entities. AIFs Part B SLC 8.01: d. Originating loans on behalf of an AIF; e. Servicing securitisation special purpose entities.
Article 1(27): the text set out in Annex II to this Directive is added as Annex V. 'ANNEX V LIQUIDITY MANAGEMENT TOOLS AVAILABLE TO AIFMs MANAGING OPEN-ENDED AIFs 1. Suspension of subscriptions, repurchases and redemptions: suspension of subscriptions, repurchases and redemptions means temporarily disallowing the subscription, repurchase and redemption of the fund's units or shares. 2. Redemption gate: a redemption gate means a temporary and partial restriction of the right of unit-holders or shareholders to redeem their units or shares, so that investors can only redeem a certain portion of their units or shares. 3. Extension of notice periods: the extension of notice periods means extending the period of notice that unit-holders or shareholders must give to fund managers, beyond a minimum period which is appropriate to the fund, when redeeming their units or shares. 4. Redemption fee: redemption fee means a fee, within a predetermined range that takes account of the cost of liquidity, that is paid to the fund by unit-holders or shareholders when redeeming units or shares, and that ensures that unit-holders or shareholders who remain in the fund are not unfairly disadvantaged. 5. Swing pricing: swing pricing means a pre-determined mechanism by which the net asset value of the units or shares of an investment fund is adjusted by the application of a factor ("swing factor") that reflects the cost of liquidity. 6. Dual pricing: dual pricing means a pre-determined mechanism by which the subscription, repurchase and redemption prices of the units or shares of an investment fund are set by adjusting the net asset value per unit or share by a factor that reflects the cost of liquidity.	SLC 2.16 of Investment Services Rules for Investment Services Providers Part BIII Standard Licence Conditions Applicable to Investment Services Licence Holders which Qualify as Alternative Investment Fund Managers: 2.16 Licence Holders shall select and include in the AIF rules or instruments of incorporation, at least two liquidity management tools from the list set out in 2.16(i) to 2.16(ix). (i) Suspension of subscriptions, repurchases and redemptions: suspension of subscriptions, repurchases and redemptions means temporarily disallowing the subscription, repurchase and redemption of the fund's units or shares. (ii) Redemption gate: a redemption gate means a temporary and partial restriction of the right of unit-holders or shareholders to redeem their units or shares, so that investors can only redeem a certain portion of their units or shares. (iii) Extension of notice periods: the extension of notice periods means extending the period of notice that unit-holders or shareholders must give to fund managers, beyond a minimum period which is appropriate to the fund, when redeeming their units or shares. (iv) Redemption fee: redemption fee means a fee, within a predetermined range that takes account of the cost of liquidity, that is paid to the fund by unit-holders or shareholders when redeeming units or shares, and that ensures that unit-holders or shareholders who remain in the fund are not unfairly disadvantaged. (v) Swing pricing: swing pricing means a pre-determined mechanism by which the net asset value of the units or shares of an investment fund is adjusted by the application of a factor ("swing factor") that reflects the cost of liquidity. (vi) Dual pricing: dual pricing means a pre-determined mechanism by which the subscription, repurchase and redemption prices of the units or shares of an investment fund are set by adjusting the net asset value per unit or share by a factor that reflects the cost of liquidity.

7. Anti-dilution levy: anti-dilution levy means a fee that is paid to the fund by a unit-holder or shareholder at the time of a subscription, repurchase or redemption of units or shares, that compensates the fund for the cost of liquidity incurred because of the size of that transaction, and that ensures that other unit-holders or shareholders are not unfairly disadvantaged. 8. Redemption in kind: redemption in kind means transferring assets held by the fund, instead of cash, to meet redemption requests of unit-holders or shareholders. 9. Side pockets: side pockets means separating certain assets, whose economic or legal features have changed significantly or become uncertain due to exceptional circumstances, from the other assets of the fund.	(vii) Anti-dilution levy: anti-dilution levy means a fee that is paid to the fund by a unit-holder or shareholder at the time of a subscription, repurchase or redemption of units or shares, that compensates the fund for the cost of liquidity incurred because of the size of that transaction, and that ensures that other unit-holders or shareholders are not unfairly disadvantaged. (viii) Redemption in kind: redemption in kind means transferring assets held by the fund, instead of cash, to meet redemption requests of unit-holders or shareholders. (ix) Side pockets: side pockets means separating certain assets, whose economic or legal features have changed significantly or become uncertain due to exceptional circumstances, from the other assets of the fund.
Article 2(2)(a)(i) amending Article 6: Article 6 is amended as follows: (a) paragraph 3 is amended as follows: (i) in the first subparagraph, point (b), the following points are added: ‘(iii) reception and transmission of orders in relation to financial instruments; (iv) any other function or activity which is already provided by the management company in relation to a UCITS that it manages in accordance with this Article, or in relation to services that it provides in accordance with this paragraph, provided that any potential conflict of interest created by the provision of that function or activity to other parties is appropriately managed.’;	Investment Services Rules for Investment Services Providers Part BII: Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as UCITS Management Companies SLC 1.02: (iii) reception and transmission of orders in relation to financial instruments; (iv) any other function or activity which is already provided by the Licence Holder in relation to a UCITS that it manages in accordance with SLCs 1.01-1.04, or in relation to services that it provides in accordance with this paragraph, provided that any potential conflict of interest created by the provision of that function or activity to other parties is appropriately managed.
Article 2(2)(a)(ii) amending Article 6: (ii) in the first subparagraph, the following point is added: ‘(c) administration of benchmarks in accordance with Regulation (EU) 2016/1011;’;	Investment Services Rules for Investment Services Providers Part BII: Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as UCITS Management Companies SLC 1.02: c. administration of benchmarks in accordance with Regulation (EU) 2016/1011;
Article 2(2)(a)(iii) amending Article 6: (iii) the second subparagraph is replaced by the following: ‘Management companies shall not be authorised under this Directive to provide only the services referred to in this paragraph. Management companies shall not be authorised to provide the services referred to in the first subparagraph, point (c), which are used in the UCITS that they manage.	Investment Services Rules for Investment Services Providers Part BII: Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as UCITS Management Companies SLC 1.05: The Licence Holder shall not be authorised to provide only the services referred to in SLC 1.02 or to provide the services referred to in SLC 1.02(c), which are used in the UCITS they manage.
Article 2(2)(b) amending Article 6: (b) paragraph 4 is replaced by the following:	Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as UCITS Management Companies SLC 1.04:

'4. Article 15, Article 16 except for paragraph 5, first subparagraph, and Articles 23, 24 and 25 of Directive 2014/65/EU shall apply where the services referred to in paragraph 3, points (a) and (b), of this Article are provided by management companies.'	The following SLCs shall apply to the provision of services referred to in SLC 1.02 by Licence Holders: a. Rule 10.2 of Part A of the Investment Services Rules for Investment Service Providers; b. Rules R1-1.4.6, R1-1.4.4, R1-1.15.1.2, R1-1.8.13, R1-1.4.7, R1-1.8.1, R1-1.8.2, R1-1.8.3, R1-1.8.4, R1-1.8.5, R1-1.8.6, R1-1.8.9, R1-1.8.10, R1-1.8.11, R1-1.8.12, R1-1.4.11, R1-1.4.8, R1-1.4.9, R1-1.4.1 Chapter 2 of Title 1 of Part BI of these Rules; c. Part CI of the Investment Services Rules for Investment Service Providers; and; d. R.3.20, R.1.5.5, R.4.1.5, R.2.6, R.2.36, R.4.4.16, R.1.2.6, R.1.3.12, R.1.4.20, R.1.4.18(j), R.4.1.27, R.1.3.12, R.4.4.58, R.4.3.6, R.3.25, R.3.22, R.1.5.12, R.1.5.15, R.3.22, R.3.16, R.1.4.10, R.4.4, R.4.4.20, R.4.4.21, R.4.4.39, R.4.4.40, R.4.4.42, R.4.4.43, R.4.4.5, R.4.5.8, R.4.4.110, R.1.4.20, R.4.4.83, R.3.4, R.2.9, R.2.15, R.2.7, R.2.16, R.2.21, R.5.44 of the Conduct of Business Rulebook.
Article 2(3)(a)(i) amending Article 7: (a) in paragraph 1, the first subparagraph is amended as follows: (i) points (b) and (c) are replaced by the following: '(b) the persons who effectively conduct the business of the management company are of sufficiently good repute and are sufficiently experienced also in relation to the type of UCITS managed by the management company, the names of those persons and of every person succeeding them in office are communicated forthwith to the competent authorities and the conduct of the business of a management company is decided by at least two natural persons meeting such conditions who either are employed full-time by that management company or are executive members or members of the management body of the management company committed full-time to conducting the business of that management company, and who are domiciled in the Union; (c) the application for authorisation is accompanied by a programme of activity setting out, at least, the organisational structure of the management company, and specifying the human and technical resources that will be used to conduct the business of the management company and information about the persons effectively conducting the business of that management company, including: (i) a description of the role, title and level of seniority of those persons; (ii) a description of the reporting lines and responsibilities of those persons within and outside the management company;	Investment Services Rules for Investment Services Providers Part BII Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as UCITS Management Companies SLC 1.09: The Licence Holder's Investment Services Business shall be effectively directed or managed by at least two individuals, who either are employed full-time by that Licence Holder or are executive members or members of the management body of the Licence Holder committed full-time to conducting the business of that Licence Holder, and who are domiciled in the European Union, in satisfaction of the "dual control" principle. Such persons shall be of sufficiently good repute and sufficiently experienced so as to ensure the sound and prudent management of the Licence Holder. Moreover, the Licence Holder shall take reasonable steps to ensure continuity and regularity in the performance of Investment and Ancillary Services. To this end, the Licence Holder shall employ appropriate and proportionate systems, resources and procedures. The Licence Holder's application for authorisation must be accompanied by a programme of activity setting out, at least, the organisational structure of the management company, and specifying the human and technical resources that will be used to conduct the business of the management company and information about the persons effectively conducting the business of that management company, including: (a) a description of the role, title and level of seniority of those persons; (b) a description of the reporting lines and responsibilities of those persons within and outside the management company;

(iii) an overview of the amount of time that each of those persons allocates to each responsibility; (iv) information on how the management company intends to comply with its obligations under this Directive, and with its obligations under Article 3(1), Article 6(1), point (a), and Article 13(1) of Regulation (EU) 2019/2088 of the European Parliament and of the Council (*17), and a detailed description of the appropriate human and technical resources to be used by the management company to that effect.	(c) an overview of the amount of time that each of those persons allocates to each responsibility; (d) information on how the management company intends to comply with its obligations under Directive 2009/65/EU, and with its obligations under Article 3(1), Article 6(1), point (a), and Article 13(1) of Regulation (EU) 2019/2088 of the European Parliament and of the Council, and a detailed description of the appropriate human and technical resources to be used by the management company to that effect. Investment Services Rules for Retail Collective Investment Schemes Part BII Malta based UCITS Collective Investment Schemes SLC 16.2B: Without prejudice to the generality of the provisions of the Act, the MFSA will only grant a licence to provide the services of a self-managed Scheme if it satisfies the conditions prescribed hereunder, which conditions shall apply on an ongoing basis: i. The Scheme shall be operated in or from Malta, as agreed with the MFSA. ii. The Scheme shall have an initial capital which is equivalent to EUR 300,000; iii. The application for authorisation shall be accompanied by a programme of operations setting out at least the organisational structure of the scheme, and specifying the human and technical resources that will be used to conduct the business of the management company and information about the persons effectively conducting the business of that management company, including: (a) a description of the role, title and level of seniority of those persons; (b) a description of the reporting lines and responsibilities of those persons within and outside the scheme; (c) an overview of the amount of time that each of those persons allocates to each responsibility; (d) information on how the scheme intends to comply with its obligations under Directive 2009/65/EU, and with its obligations under Article 3(1), Article 6(1), point (a), and Article 13(1) of Regulation (EU) 2019/2088 of the European Parliament and of the Council, and a detailed description of the appropriate human and technical resources to be used by the management company to that effect;
Article 2(3)(a)(ii) amending Article 7: (ii) the following point is added: '(e) information is provided by the management company on arrangements made for the delegation	Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as UCITS Management Companies SLC 4.06: The Licence Holder shall provide information on arrangements made for the delegation and sub-

and sub-delegation to third parties of functions in accordance with Article 13, comprising at least the following: (i) the legal name and relevant identifier of the management company; (ii) for each delegate: – its legal name and relevant identifier, – its jurisdiction of establishment, and – where relevant, its supervisory authority; (iii) a detailed description of the human and technical resources employed by the management company for: – performing day-to-day portfolio management or risk management tasks within the management company, and – monitoring the delegated activity; (iv) in respect of each of the UCITS it manages or intends to manage: – a brief description of the delegated portfolio management function, including whether such delegation amounts to a partial or full delegation, and – a brief description of the delegated risk management function, including whether such delegation amounts to a partial or full delegation; (v) a description of the periodic due diligence measures to be carried out by the management company to monitor the delegated activity.'	delegation of functions to third parties in accordance with SLCs 4.01-4.05, including at least the following: (i) the legal name and relevant identifier of the Licence Holder; (ii) for each delegate: – its legal name and relevant identifier, – its jurisdiction of establishment, and – where relevant, its supervisory authority; (iii) a detailed description of the human and technical resources employed by the Licence Holder for: – performing day-to-day portfolio management or risk management tasks within the management company, and – monitoring the delegated activity; (iv) in respect of each of the UCITS it manages or intends to manage: – a brief description of the delegated portfolio management function, including whether such delegation amounts to a partial or full delegation, and – a brief description of the delegated risk management function, including whether such delegation amounts to a partial or full delegation; (v) a description of the periodic due diligence measures to be carried out by the Licence Holder to monitor the delegated activity. Investment Services Rules for Retail Collective Investment Schemes Part BII Malta based UCITS Collective Investment Schemes SLC 16.2B: Information shall be provided by the self-managed Scheme on arrangements made for the delegation and sub-delegation to third parties of functions in accordance with SLCs 4.01 to 4.05 of Part BII of ISP Rules for ManCos, comprising at least the following – (a) the legal name and relevant identifier of the self-managed Scheme; (b) for each delegate: - its legal name and relevant identifier, - its jurisdiction of establishment, and - where relevant, its supervisory authority; (c) a detailed description of the human and technical resources employed by the Scheme for: - performing day-to-day portfolio management or risk management tasks within the management company, and - monitoring the delegated activity; (d) in respect of each Scheme it operates: - a brief description of the delegated portfolio management function, including whether such delegation amounts to a partial or full delegation, and - a brief description of the delegated risk management function, including whether such delegation amounts to a partial or full delegation;
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	(e) a description of the periodic due diligence measures to be carried out by the management company to monitor the delegated activity.’;
Article 2(3)(b) amending Article 7: the following paragraph is added: ‘7. Member States shall require that management companies, before implementation, notify the competent authorities of their home Member State of any material changes to the conditions for initial authorisation, in particular material changes to the information provided in accordance with this Article.’	Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as UCITS Management Companies (following) SLC 1.06: Licence Holders, before implementation, shall notify the MFSA of any material changes to the conditions for initial authorisation, in particular material changes to the information provided in accordance with Article 7 of the UCITS Directive. Investment Services Rules for Retail Collective Investment Schemes Part BII Malta based UCITS Collective Investment Schemes SLC 16.2C: Self-managed Schemes, before implementation, shall notify MFSA of any material changes to the conditions for initial authorisation, in particular material changes to the information provided in accordance with Article 7 of the UCITS Directive.
Article 2(4)(a)(i) amending Article 13: (a) paragraph 1 is amended as follows: (i) the introductory wording is replaced by the following: ‘Management companies which intend to delegate to third parties the task of carrying out, on their behalf, one or more of the functions referred to in Annex II or of the services referred to in Article 6(3), shall notify the competent authorities of their home Member State before the delegation arrangements become effective. The following conditions shall be met:	Investment Services Rules for Investment Services Providers Part BII Malta based UCITS Collective Investment Schemes SLC 16.10: Where a Scheme delegates to third parties, for the purpose of a more efficient conduct of its business, the carrying out on its behalf of one or more of its functions, the Scheme shall comply with the following requirements: Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as UCITS Management Companies SLC 4.01: Where the Licence Holder delegates to third parties, for the purpose of a more efficient conduct of its business, the carrying out on its behalf of one or more of its functions, the Licence Holder shall notify the MFSA before the delegation arrangements become effective. The following conditions shall be met:
Article 2(4)(a)(ii) amending Article 13: (ii) point (b) is replaced by the following: ‘(b) the mandate must not prevent the effectiveness of supervision of the management company, and, in particular, must not prevent the management company from acting, or the UCITS from being managed, in the best interests of its investors and clients;’;	Investment Services Rules for Investment Services Providers Part BII: Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as UCITS Management Companies SLC 4.01: b. such delegation shall not prevent the effectiveness of supervision over the Licence Holder and in particular shall not prevent the Licence Holder from acting, or the UCITS from being managed in the best interests of the investors and clients; Investment Services Rules for Investment Services Providers Part BII Malta based UCITS Collective Investment Schemes SLC 16.10:

	(b) such delegation shall not prevent the effectiveness of supervision over the Scheme and in particular shall not prevent the Scheme from acting, or the Scheme from being managed in the best interests of the investors and clients;
Article 2(4)(a)(iii) amending Article 13: (iii) points (g), (h) and (i) are replaced by the following: '(g) the mandate must not prevent the persons who conduct the business of the management company from giving further instructions to the undertaking to which functions or provision of services are delegated at any time or from withdrawing the mandate with immediate effect where to do so is in the interest of investors and clients; (h) having regard to the nature of the functions and provision of services to be delegated, the undertaking to which functions or provision of services are to be delegated must be qualified and capable of undertaking the functions or performing the services in question; (i) the UCITS' prospectuses must list the services and functions which the management company has been allowed to delegate in accordance with this Article; and (j) the management company must be able to justify its entire delegation structure on objective reasons.	Investment Services Rules for Investment Services Providers Part BII Malta based UCITS Collective Investment Schemes SLC16.10: (d) such delegation shall not prevent the persons who conduct the business of the Scheme from giving further instructions to the undertaking to which functions or provision of services are delegated at any time or from withdrawing such delegation with immediate effect when this is in the interest of investors and clients; (e) the undertaking to which functions are delegated shall be qualified and capable of undertaking the functions or provision of services being delegated; (f) the Prospectus of the Scheme shall list the services and functions being delegated in the form and manner specified in these Rules; (g) the Scheme must be able to justify its entire delegation structure on objective reasons. Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as UCITS Management Companies SLC 4.01: d. such delegation shall not prevent the persons who conduct the business of the Licence Holder from giving further instructions to the undertaking to which functions or provision of services are delegated at any time or from withdrawing such delegation with immediate effect when this is in the interest of investors; e. the undertaking to which functions and provision of services are delegated shall be qualified and capable of undertaking the functions being delegated; f. the UCITS' prospectus shall list the services and functions being delegated in the form and manner specified in the Investment Services Rules for Retail Collective Investment Schemes. g. the Licence Holder must be able to justify its entire delegation structure on objective reasons.
Article 2(4)(b) amending Article 13: paragraph 2 is replaced by the following: '2. The liability of the management company or the depositary shall not be affected by the fact that the management company has delegated functions or services to a third party. The management company shall not delegate the functions or services to the extent that, in essence, it can no longer be considered	Investment Services Rules for Investment Services Providers Part BII Malta based UCITS Retail Collective Investment Scheme SLC 16.10: A Scheme shall not delegate its function to the extent that in essence, it can no longer be considered to be a self-managed Scheme or the provider of the services referred to in SLC 1.02 of Part BII for UCITS ManCos and to the extent that it becomes a letter-box/brass-plate entity.

to be the manager of the UCITS or the provider of the services referred to in Article 6(3) and to the extent that it becomes a letter-box entity.

3. By way of derogation from paragraphs 1 and 2 of this Article, where the marketing function referred to in Annex II, third indent, is performed by one or several distributors which are acting on their own behalf and which market the UCITS under Directive 2014/65/EU or through insurance-based investment products in accordance with Directive (EU) 2016/97 of the European Parliament and of the Council (*18), such function shall not be considered to be a delegation subject to the requirements of paragraphs 1 and 2 of this Article irrespective of any distribution agreement between the management company and the distributor.

4. The management company shall ensure that the performance of the functions referred to in Annex II and the provision of the services referred to in Article 6(3) comply with this Directive. That obligation shall apply irrespective of the regulatory status or location of any delegate or sub-delegate.

5. The Commission shall adopt, by means of delegated acts in accordance with Article 112a, measures specifying:

(a) the conditions for fulfilling the requirements set out in paragraph 1;

(b) the conditions under which the management company is to be deemed to have delegated its functions to the extent that it becomes a letter-box entity and can no longer be considered to be the manager of the UCITS or the provider of the services referred to in Article 6(3), as set out in paragraph 2.

6. By 16 April 2029, ESMA shall provide the European Parliament, the Council and the Commission with a report analysing market practices regarding delegation and compliance with Article 7 and with paragraphs 1 to 5 of this Article, based, inter alia, on the data reported to the competent authorities in accordance with Article 20a(2), point (d), and on the exercise of ESMA's supervisory convergence powers. That report shall also analyse compliance with the substance requirements of this Directive.

By way of derogation from SLC 16.10 of these Rules, where the marketing function referred to in Schedule A Investment Services Rules for Investment Services Providers, third indent, is performed by one or several distributors which are acting on their own behalf and which market the UCITS under Directive 2014/65/EU or through insurance-based investment products in accordance with Directive (EU) 2016/97 of the European Parliament and of the Council, such function shall not be considered to be a delegation subject to the requirements of SLC 16.10 of these Rules irrespective of any distribution agreement between the Licence Holder and the distributor.

The Scheme shall ensure that the performance of the functions referred to in SLC 1.01 of Part BII for UCITS ManCos and the provision of the services referred to in SLC 1.02 of Part BII for UCITS ManCos comply with the Directive 2009/65/EU. That obligation shall apply irrespective of the regulatory status or location of any delegate or sub-delegate.

Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as UCITS Management Companies SLC 4.05:

The liability of the Licence Holder shall not be affected by the fact that the Licence Holder has delegated functions or services to a third party. The Licence Holder shall not delegate its functions or services to the extent that in essence, it can no longer be considered to be the manager of the UCITS or the provider of the services referred to in SLC 1.02 of these Rules and to the extent that it becomes a letter-box entity.

By way of derogation from SLCs 4.01 and 4.05 of these Rules, where the marketing function referred to in Schedule A Investment Services Rules for Investment Services Providers, third indent, is performed by one or several distributors which are acting on their own behalf and which market the UCITS under Directive 2014/65/EU or through insurance-based investment products in accordance with Directive (EU) 2016/97 of the European Parliament and of the Council, such function shall not be considered to be a delegation subject to the requirements of SLCs 4.01 and 4.05 of these Rules irrespective of any distribution agreement between the Licence Holder and the distributor.

The Licence Holder shall ensure that the performance of the functions referred to in SLC 1.01 of these Rules and the provision of the services referred to in SLC 1.02 of these Rules comply with the Directive 2009/65/EU. That obligation shall apply irrespective of the regulatory status or location of any delegate or sub-delegate.

(Paragraphs 5 and 6 do not require transposition – Requirements on the Commission & ESMA)

Article 2(5)(a) amending Article 14: the following paragraph is inserted: ‘2a. Where a management company manages or intends to manage a UCITS at the initiative of a third party, including cases where that UCITS uses the name of a third-party initiator or where a management company appoints a third-party initiator as a delegate pursuant to Article 13, the management company shall, taking account of any conflicts of interest, submit detailed explanations and evidence of its compliance with paragraph 1, point (d), of this Article to the competent authorities of its home Member State. In particular, the management company shall specify the reasonable steps it has taken to prevent conflicts of interest arising from the relationship with the third party or, where those conflicts of interest cannot be prevented, how it identifies, manages, monitors and, where applicable, discloses, those conflicts of interest in order to prevent them from adversely affecting the interests of the UCITS and its investors.’	Investment Services Rules for Investment Services Providers Part BII Malta Based UCITS Retail Collective Investment Schemes SLC 16.11: Where a self-managed Scheme operated by or intends to operate at the initiative of a third party, including cases where that UCITS uses the name of a third-party initiator or where a self-managed Scheme appoints a third-party initiator as a delegate pursuant to SLC 16.10 of these Rules, the self-managed Scheme shall, taking account of any conflicts of interest, submit detailed explanations and evidence of its compliance with SLC 3.01, point (d), of Part BII for UCITS ManCos, to the MFSA. In particular, the self-managed Scheme shall specify the reasonable steps it has taken to prevent conflicts of interest arising from the relationship with the third party or, where those conflicts of interest cannot be prevented, how it identifies, manages, monitors and, where applicable, discloses, those conflicts of interest in order to prevent them from adversely affecting the interests of the UCITS and its investors. Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as UCITS Management Companies SLC 3.26: Where a Licence Holder manages or intends to manage a UCITS at the initiative of a third party, including cases where that UCITS uses the name of a third-party initiator or where a Licence Holder appoints a third-party initiator as a delegate pursuant to SLCs 4.01 to 4.05 of these Rules, the Licence Holder shall, taking account of any conflicts of interest, submit detailed explanations and evidence of its compliance with SLC 3.01, point (d), of these Rules, to the MFSA. In particular, the Licence Holder shall specify the reasonable steps it has taken to prevent conflicts of interest arising from the relationship with the third party or, where those conflicts of interest cannot be prevented, how it identifies, manages, monitors and, where applicable, discloses, those conflicts of interest in order to prevent them from adversely affecting the interests of the UCITS and its investors.
Article 2(6) inserting Article 18a: ‘Article 18a 1. Member States shall ensure that at least the liquidity management tools set out in Annex IIA are available to UCITS. 2. A UCITS shall select at least two appropriate liquidity management tools from those referred to in Annex IIA, points 2 to 8, after assessing the suitability of those tools in relation to its pursued investment strategy, its liquidity profile and its redemption policy. The UCITS shall include those tools in its fund rules or the instruments of incorporation for possible use in the interest of the UCITS’ investors. It shall not be possible for that selection to include only the tools referred to in Annex IIA, points 5 and 6.	Investment Services Rules for Investment Services Providers Part BII Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as UCITS SLC12.31: 12.31 A Scheme shall have, at least, the liquidity management tools set out in 12.30. 12.32 A Scheme shall select at least two appropriate liquidity management tools from those referred to in SLC 12.30, (ii) to (viii), after assessing the suitability of those tools in relation to its pursued investment strategy, its liquidity profile and its redemption policy. The Scheme shall include those tools in its fund rules or the instruments of incorporation for possible use in the interest of the UCITS’ investors. It shall not be possible for that selection to include only the tools referred to in SLC 12.30, points (v) and (vi).

By way of derogation from the first subparagraph, a UCITS may decide to select only one liquidity management tool from those referred to in Annex IIA, points 2 to 8, if that UCITS is authorised as a money market fund in accordance with Regulation (EU) 2017/1131 of the European Parliament and of the Council (*19). The UCITS shall implement detailed policies and procedures for the activation and deactivation of any selected liquidity management tool and the operational and administrative arrangements for the use of such tool. The selection referred to in the first and second subparagraphs and the detailed policies and procedures for the activation and deactivation shall be communicated to the competent authorities of the UCITS home Member State. Redemption in kind as referred to in Annex IIA, point 8, shall only be activated to meet redemptions requested by professional investors and if the redemption in kind corresponds to a pro rata share of the assets held by the UCITS. By way of derogation from the fourth subparagraph of this paragraph, the redemption in kind need not correspond to a pro rata share of the assets held by the UCITS if that UCITS is solely marketed to professional investors, or if the aim of that UCITS' investment policy is to replicate the composition of a certain stock or debt securities index and that UCITS is an exchange-traded fund as defined in Article 4(1), point (46), of Directive 2014/65/EU. 3. ESMA shall develop draft regulatory technical standards to specify the characteristics of the liquidity management tools set out in Annex IIA. When developing those draft regulatory technical standards, ESMA shall take account of the diversity of investment strategies and underlying assets of UCITS. Those standards shall not restrict the ability of UCITS to use any appropriate liquidity management tool for all asset classes, jurisdictions and market conditions. 4. By 16 April 2025, ESMA shall develop guidelines on the selection and calibration of liquidity management tools by UCITS for liquidity risk management and for mitigating financial stability risks. Those guidelines shall recognise that the primary responsibility for liquidity risk management remains with UCITS. They shall include indications as to the circumstances in which side pockets, as referred to in Annex IIA, point 9, can be activated. They shall allow adequate time for adaptation before they apply, in particular for existing UCITS. 5. ESMA shall submit the draft regulatory technical standards referred to in paragraph 3 of this Article to the Commission by 16 April 2025. Power is delegated to the Commission to supplement this Directive by adopting the regulatory technical standards referred to in paragraph 3 in accordance	By way of derogation from the first paragraph, a Scheme may decide to select only one liquidity management tool from those referred to in SLC 12.30, points (ii) to (viii), if that UCITS is authorised as a money market fund in accordance with Regulation (EU) 2017/1131 of the European Parliament and of the Council. The Scheme shall implement detailed policies and procedures for the activation and deactivation of any selected liquidity management tool and the operational and administrative arrangements for the use of such tool. The selection referred to in the first and second paragraphs and the detailed policies and procedures for the activation and deactivation shall be communicated to MFSA Redemption in kind as referred to in SLC 12.30 (viii), shall only be activated to meet redemptions requested by professional investors and if the redemption in kind corresponds to a pro rata share of the assets held by the Scheme. By way of derogation from the fourth paragraph of this Rule, the redemption in kind need not correspond to a pro rata share of the assets held by the Scheme if that Scheme is solely marketed to professional investors, or if the aim of that UCITS' investment policy is to replicate the composition of a certain stock or debt securities index and that UCITS is an exchange-traded fund as defined in Article 2(1) of the Financial Markets Act. 12.33 The Scheme shall also refer to SL 370.xx as relevant. Paragraphs 3, 4 and 5 do not require transposition - ESMA
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with Articles 10 to 14 of Regulation (EU) No 1095/2010.	
Article 2(9) amending Article 29: in Article 29(1), second subparagraph, point (b) is replaced by the following: ‘(b) the directors of the investment company must be of sufficiently good repute and be sufficiently experienced also in relation to the type of business pursued by the investment company and, to that end: the names of the directors and of every person succeeding them in office must be communicated forthwith to the competent authorities; the conduct of an investment company’s business must be decided by at least two natural persons meeting such conditions who either are employed full-time by that investment company or are executive members or members of the management body of the investment company committed full-time to conducting the business of that investment company, and who are domiciled in the Union; and “directors” shall mean those persons who, under the law or the instruments of incorporation, represent the investment company, or who effectively determine the policy of the company.’	Investment Services Rules for Retail Collective Investment Schemes Part BII Malta based UCITS Collective Investment Schemes SLC 16.2: iv. The directors of the Scheme must be fit and proper to perform their functions, be of sufficiently good repute and be sufficiently experienced also in relation to the type of business pursued by the Scheme and, the names of the directors and of every person succeeding them in office must be communicated forthwith to the MFSA; v. The conduct of the business of the Scheme must be decided by at least two natural persons meeting the conditions stipulated in paragraph (iv) above, who either are employed full-time by that investment company or are executive members or members of the management body of the investment company committed full-time to conducting the business of that investment company, and who are domiciled in the European Union; and “directors” shall mean those persons who, under the law or the instruments of incorporation, represent the investment company, or who effectively determine the policy of the company. Furthermore, the MFSA will be notified of the names of the directors and of every person succeeding them in office.
Article 2(10) amending Article 57: in Article 57, the following paragraph is added: ‘3. Where a UCITS activates side pockets as referred to in Article 84(2), point (a), by means of asset segregation, the segregated assets may be excluded from the calculation of limits laid down in this Chapter.	Investment Services Rules for Retail Collective Investment Schemes Part BII Malta based UCITS Collective Investment Schemes SLC 5.51: Where a Scheme activates side pockets as referred to in SLC 12.6(i), by means of asset segregation, the segregated assets may be excluded from the calculation of limits laid down in Section 5.
Article 2(12) amending Article 79: in Article 79, paragraph 1 is replaced by the following: ‘1. Key investor information, including the name of the UCITS, shall constitute pre-contractual information. It shall be fair, clear and not misleading. It shall be consistent with the relevant parts of the prospectus.’	Investment Services Rules for Retail Collective Investment Schemes Part BII Malta based UCITS Collective Investment Schemes SLC 6.2.12: The KII shall constitute pre-contractual information, including the name of the Scheme. It shall be fair, clear and not misleading. It shall be consistent with the relevant parts of the prospectus.
Article 2(13) amending Article 84: in Article 84, paragraphs 2 and 3 are replaced by the following: ‘2. By way of derogation from paragraph 1: (a) a UCITS may, in the interest of its unitholders, temporarily suspend the subscription, repurchase and redemption of its units as referred to in Annex IIA, point 1, or activate or deactivate other liquidity management tools selected from points 2 to 8 of that Annex in accordance with Article 18a(2). The UCITS may also, in the interest of its unitholders, activate side pockets as referred to in Annex IIA, point 9;	Investment Services Rules for Retail Collective Investment Schemes Part BII Malta based UCITS Collective Investment Schemes SLC 12.6 12.6 The Scheme shall re-purchase or redeem its units at the request of the unit-holder as regulated by SL 370.xx

(b) in the interest of investors, in exceptional circumstances and after consulting the UCITS, the competent authorities of the UCITS home Member State may require a UCITS to activate or deactivate the liquidity management tool referred to in Annex IIA, point 1, where there are risks to investor protection or financial stability that, on a reasonable and balanced view, necessitate such activation or deactivation. A UCITS shall only use a suspension of subscriptions, repurchases and redemptions or side pockets as referred to in the first subparagraph, point (a), in exceptional cases where circumstances so require and where justified having regard to the interests of its unitholders. 3. The UCITS shall, without delay, notify the competent authorities of its home Member State of the following: (a) where the UCITS activates or deactivates the liquidity management tool referred to in Annex IIA, point 1; (b) where the UCITS activates or deactivates any of the liquidity management tools referred to in Annex IIA, points 2 to 8, in a manner that is not in the ordinary course of business as envisaged in the fund rules or the instruments of incorporation of the UCITS. A UCITS shall, within a reasonable timeframe before it activates or deactivates the liquidity management tool referred to in Annex IIA, point 9, notify the competent authorities of its home Member State of such activation or deactivation.	
Article 2(19): Annex I is amended in accordance with Annex III to this Directive; In Annex I, Schedule A, point 1.13 is replaced by the following: 1.13. Procedures and conditions for repurchase and redemption of units, and circumstances in which subscription, repurchase and redemption may be suspended or other liquidity management tools may be activated. 1.13. Procedures and conditions for repurchase and redemption of units, and circumstances in which subscription, repurchase and redemption may be suspended or other liquidity management tools may be activated. In the case of investment companies having different investment compartments, information on how a unitholder may pass from one compartment into another and the charges applicable in such cases	Investment Services Rules for Retail Collective Investment Schemes Part B Standard Licence Conditions – Appendix I Contents of the Prospectus SLC 1.0-1.13: Procedures and conditions for repurchase or redemption of units, and circumstances in which repurchase or redemption may be suspended or other liquidity management tools may be activated. Procedures and conditions for repurchase or redemption of units, and circumstances in which repurchase or redemption may be suspended or other liquidity management tools may be activated. In the case of schemes having different investment compartments, information on how a unitholder may pass from one compartment into another and the charges applicable in such cases.
Article 2(20): the text set out in Annex IV to this Directive is inserted as Annex IIA.	Investment Services Rules for Retail Collective Investment Schemes Part BII Malta based UCITS Management Companies SLC 2.38:

	2.38 UCITS management companies shall select and include in the UCITS rules or instruments of incorporation, at least two liquidity management tools from the harmonised list set out in 2.38(i) to 2.38(ix). (i) Suspension of subscriptions, repurchases and redemptions: suspension of subscriptions, repurchases and redemptions means temporarily disallowing the subscription, repurchase and redemption of the fund's units or shares. (ii) Redemption gate: a redemption gate means a temporary and partial restriction of the right of unit-holders or shareholders to redeem their units or shares, so that investors can only redeem a certain portion of their units or shares. (iii) Extension of notice periods: the extension of notice periods means extending the period of notice that unit-holders or shareholders must give to fund managers, beyond a minimum period which is appropriate to the fund, when redeeming their units or shares. (iv) Redemption fee: redemption fee means a fee, within a predetermined range that takes account of the cost of liquidity, that is paid to the fund by unit-holders or shareholders when redeeming units or shares, and that ensures that unit-holders or shareholders who remain in the fund are not unfairly disadvantaged. (v) Swing pricing: swing pricing means a pre-determined mechanism by which the net asset value of the units or shares of an investment fund is adjusted by the application of a factor ("swing factor") that reflects the cost of liquidity. (vi) Dual pricing: dual pricing means a pre-determined mechanism by which the subscription, repurchase and redemption prices of the units or shares of an investment fund are set by adjusting the net asset value per unit or share by a factor that reflects the cost of liquidity. (vii) Anti-dilution levy: anti-dilution levy means a fee that is paid to the fund by a unit-holder or shareholder at the time of a subscription, repurchase or redemption of units or shares, that compensates the fund for the cost of liquidity incurred because of the size of that transaction, and that ensures that other unit-holders or shareholders are not unfairly disadvantaged. (viii) Redemption in kind: redemption in kind means transferring assets held by the fund, instead of cash, to meet redemption requests of unit-holders or shareholders. (ix) Side pockets: side pockets means separating certain assets, whose economic or legal features have changed significantly or become uncertain due to exceptional circumstances, from the other assets of the fund.
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