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President of Malta visits MFSA

President of Malta, H.E. Marie-Louise Coleiro Preca paid an official visit to the Malta Financial Services Authority.

During her visit she held meetings with MFSA Chairman Prof. Joe V. Bannister and the Board of Governors and with the Directors and Heads of Units.

During her visit, the President also met and addressed members of the staff.

In her address, the President described the MFSA as one of the most important authorities on the island, playing a strategic role in shaping the country's economic policy and creating jobs.

The President also expressed her appreciation for the Authority's Corporate Social Responsibility and expressed her wish for enhanced cooperation between the Presidency and the MFSA.



H.E. Marie-Louise Coleiro Preca and Prof. Joe V. Bannister

Country Profiler - Interview with MFSA Chairman

The following interview with MFSA Chairman Prof. Joe Bannister was first published on Country Profiler's new website focusing on the Maltese Islands: <http://maltaprofile.info>. This website provides insight on different economic sectors and industries. The financial services sector section is available here: <http://maltaprofile.info/section/financial-services>.

The Right Model

Regulation is one of the leading factors that make a financial centre successful. What do you believe are Malta's key operating advantages in this regard?

Malta has developed a robust regulatory regime with a highly approachable regulatory authority. Over the years, the Malta Financial Services Authority (MFSA) has worked together with the industry for the implementation of major strategic objectives.

Various joint initiatives have assisted the industry in building up the capabilities and capacity required to move into new areas of business for which regulatory frameworks were being developed. The close relationship between the regulator, policy makers and industry stakeholders has enabled Malta to attract know-how, develop talent and ensure consistent levels of growth to keep the momentum going. Individual operators are also encouraged to discuss their development objectives and ongoing concerns with the regulators to ensure that they can operate smoothly and identify any possible risks early in the day.

Malta was one of the first countries to transpose the EU's Alternative Investment Fund Managers Directive (AIFMD). Can you give us a brief overview of Malta's regulatory environment in the funds sector, and what does it mean for the jurisdiction?

Alongside the Maltese Professional Investor Fund (PIF) regime, a new Alternative Investment Fund (AIF) regime has been launched. The focus this year will be on the conversion of existing licences to the new regime, a process that calls for strict liaison between the regulator and operators, particularly with the investment managers themselves. The AIFMD is also leading to noticeable shifts in the funds landscape as managers both inside and outside the EU review their strategic positioning in the light of new regulatory demands and market realities. Malta was one of the first member states to transpose the AIFMD and has built up a reputation as a European funds jurisdiction. With its recently confirmed international status as one of the sharp risers in the industry, Malta's fund industry is entering a new phase that will eventually see it consolidating its position as an investment services hub within the single market.

Malta has been proactive in expanding its regulatory framework. Which sectors and concepts are you currently looking into and why?

One of the more evident consequences of the financial crises has been a disruption in capital supply lines and capital flows, resulting in market inefficiencies. This, in turn, has a stifling effect on potential investment and growth opportunities, both in the real and the financial economy. New regulation intended to ensure greater financial stability is also changing the rules of the game in a way that generates new demand for innovative, yet more sustainable, investment products in the market. Market infrastructures will also need to be re-engineered in order to better cater for these new products, while regulatory frameworks will need to find ways of throwing wide open the windows on governance standards in order to encourage investors to return to the market. With this in mind, the MFSA has set about reviewing the conduct of business frameworks for financial intermediaries, launched improved alternative company listing rules and is strengthening asset protection regimes for securitised products.

How has the introduction of three pan-European supervisory authorities for banking, insurance & pensions, and securities & markets influenced Malta's International Finance Centre, as well as its ability to innovate and differentiate itself from competing locations?

The new pan-European supervisory authorities are part of a wider framework to ensure financial stability, reduce the likelihood and transmission of shocks within the financial system, and ensure a more standardised regulatory platform for European cross-border business. Operators will still be given space to innovate and come up with new products to suit both investors and investees. Product safety and fair distribution practices will therefore be as important a factor as creativity in the generation of capital returns. One cannot exist without the other if markets are to function efficiently and effectively. Regulation should never be seen as the antithesis of innovation, and Malta's track record to date proves this.

How do you believe Malta needs to position itself to sustain these high levels of growth into the future?

We need to keep getting better at what we have been doing and never lose sight of where we started.

MFSA policies on Online Forex and Binary Options Trading

On 30 July 2015, the MFSA issued the following two Notices:

- Notice to applicants for a Category 2 or Category 3 Investment Services Licence that would like to carry out online forex trading
- Notice to applicants for a Category 3 Investment Services Licence that would like to carry out binary options trading

The Notices set out the criteria that will be applied by the MFSA in assessing the licence applications of entities that would like to carry out either online forex or binary options trading respectively.

The Notices are available on the MFSA website and may be found at the following links:

<http://goo.gl/89UMWH> - (Online Forex)

<http://goo.gl/tWNHp9> - (Binary Options)

Standard and Poor's highlights financial sector as key to economic growth

Credit rating agency Standard and Poor's has revised Malta's economic outlook from 'stable' to 'positive' in a move which will strengthen Malta's position as an ideal investment location in a number of economic sectors. The agency noted that euro membership, a higher participation in the job market and an efficient tax regime is attracting significant foreign investment into Malta's banking, insurance, and gaming industries.

As a result, it expects that Malta will run a small current account surplus over our 2015-2018 forecast horizon, and remain in a narrow net external asset position of about 16% of current account receipts (CARs) on average during 2015-2018.

It noted that international banks play a key role in Malta's international investment position, reporting that foreign banks use Malta as a booking centre for their own financing needs.

Standard and Poor's also investigated Malta's exposure to the Greek crisis, concluding that it does "not believe events in Greece will have a material bearing on Malta's credit profile. Like all eurozone members, Malta is exposed through common monetary, fiscal, and development institutions such as the European Central Bank, the European Financial Stability Facility, and the European Investment Bank. Apart from contingent liabilities associated with those institutions, Malta's exposure to Greece is limited. Malta's trade with Greece is small and direct financial links are few. The agency further assessed that "the external debt of Malta's domestic banks is sufficiently contained such that Malta would cope with a permanent real increase in external funding costs spilling over to eurozone markets from Greece."

On a wider economic perspective, the agency notes that Malta's economic growth prospects remain strong relative to its EU and 'BBB' rating category peers. Malta's budgetary consolidation is expected to continue, leading net general government debt to decline to 55% of GDP in 2018, from 59% in 2014. Malta's real GDP grew by 3.5% in 2014. This is projected to expand by close to 3% annually on average during 2015-2018.

MFSa Industry Updates

MiFID II/MiFIR

MiFID II/MiFIR introduces changes that will have a large impact on the EU's financial markets, these include transparency requirements for a broader range of asset classes; the obligation to trade derivatives on-exchange; requirements on algorithmic and high-frequency-trading and new supervisory tools for commodity derivatives. It will also strengthen protection for retail investors through limits on the use of commissions; conditions for the provision of independent investment advice; stricter organisational requirements for product design and distribution; product intervention powers; and the disclosure of costs and charges.

ESMA Final Report on MiFID II/MiFIR Technical Standards

The MFSa refers to the circular as issued on 23rd December 2014, wherein it had outlined ESMA's Consultation Paper on the draft regulatory technical and implementing standards (RTS/ITS) regarding the implementation of MiFID II and MiFIR. The referred technical standards focus on authorisation, passporting, registration of third country firms and cooperation between competent authorities. Industry participants should note that these technical standards have recently been submitted to the European Commission for endorsement. The final report on MiFID II/MiFIR technical standards can be accessed from the following link: <http://www.mfsa.com.mt/pages/readfile.aspx?f=/files/LegislationRegulation/regulation/securities/MiFID/2015-esma-1006 - mifid ii final report on mifid ip technical standards.pdf>.

ESMA: Responses to the consultation on draft guidelines on complex debt instruments and structured deposits for MiFID II

The MFSa refers to the Industry Update dated 27th April 2015 wherein it had disseminated ESMA's Consultation Paper on draft guidelines on complex debt instruments and structured deposits. The Consultation Paper focused on draft guidelines on complex debt instruments and structured deposits and also covered the concept of embedded derivative for debt instruments. These guidelines are intended to enhance investor protection and are important for the correct classification of MiFID debt instruments (bonds, securitised debt and money market instruments) and structured deposits as either 'complex' or 'non-complex' for the purposes of Article 24(4) of MiFID II.

The consultation period closed on 15 June 2015 and ESMA expects to publish final guidelines in Q4 2015. The responses to this

consultation can be accessed from the following link: <http://www.esma.europa.eu/consultation/Consultation-draft-guidelines-complex-debt-instruments-and-structured-deposits#responses>

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European Supervisory Authorities Press Releases issued during July 2015

European Securities and Markets Authority (ESMA)



- 14/07/2015 - [ESMA agrees to further renewal of short selling ban by Greek HCMC](#)
- 21/07/2015 - [ESMA publishes updates to Q&As on the application of the AIFMD](#)
- 21/07/2015 - [ESMA agrees to further renewal of short selling ban by Greek HCMC](#)
- 23/07/2015 - [ESMA consults on UCITS remuneration guidelines](#)
- 28/07/2015 - [ESMA agrees to a further renewal of the short selling ban by Greek HCMC](#)

European Banking Authority (EBA)



- 04/07/2015 - [EBA Chairman dismisses rumours over haircuts to Greek deposits](#)
- 17/07/2015 - [EBA publishes 2014 Annual Report and Executive Summary](#)
- 17/07/2015 - [EBA issues amended technical standards on leverage ratio disclosure and reporting](#)

European Insurance and Occupational Pensions Authority (EIOPA)



- 06/07/2015 - [EIOPA publishes Set 2 of Solvency II Technical Standards and Guidelines](#)
- 08/07/2015 - [EIOPA highlights measures to facilitate the transfer of pension rights](#)
- 17/07/2015 - [Joint Statement by the Romanian Financial Supervision Authority, the European Commission and EIOPA on the independent assessment of the Romanian insurance sector](#)

MFSA Licences - June 2015

NEW LICENCES

Banking

Credit Institutions

- Credit Institution license issued to **Credorax Bank Limited**.

Financial Institutions

- Financial Institution license issued to **EMP Systems Limited**.
- Financial Institution license issued to **Handi.cash Limited**.

Collective Investment Schemes

Professional Investor Funds targeting Experienced Investors

- Collective Investment Scheme licence issued to **Lanner SICAV plc**.

Professional Investor Funds targeting Extraordinary Investors

- Collective Investment Scheme licence issued to **Southern Cross SICAV plc** in respect of one sub-fund.

Incorporated Cells

- Collective Investment Scheme licence issued to **Abel Absolute Return IC SICAV plc**.
- Collective Investment Scheme licence issued to **Bestum Universalis Fund IC SICAV plc**.
- Collective Investment Scheme licence issued to **Cobold IC SICAV plc**.
- Collective Investment Scheme licence issued to **Stoik Fund IC SICAV plc**.

Investment Services

- Category 2 licence issued to **INCO Capital Limited**.
- Category 2 licence issued to **Tendall Capital Markets Limited**.
- Category 2 licence issued to **Bastion Wealth Limited**.
- Category 2 & 4A licence issued to **Zarattini International Limited**.

Tustees and Fiduciaries

- Authorisation issued to **Quinton Trust (Malta) Limited** to provide trustee and other fiduciary services.

Company Service Providers

- Registration certificate issued to **Henley Corporate Services (Malta) Limited**.
- Registration certificate issued to **Bourse Corporate Services (Malta) Limited**.

SURRENDERED LICENCES*Financial Institutions*

- Surrender of licence issued to **Credorax (Malta) Ltd.**

Collective Investment Schemes*Professional Investor Funds targeting Qualifying Investors*

- Surrender of licence issued to **Absolute SICAV plc.**
- Surrender of licence issued to **Grow Wealth SICAV plc.**
- Surrender of licence issued to **JVC Capital SICAV plc** in respect of one sub-fund.
- Surrender of licence issued to **Willer Opportunities (Malta) SICAV Limited** in respect of one sub-fund.

Incorporated Cells

- Surrender of licence issued to **Cloud Capital 1 IC SICAV plc.**

Trustees and Fiduciaries

- Surrender of licence issued to **GSN Limited.**

Registry of Companies - New Registrations - June 2015

Companies	Partnerships	Total
443	6	449

MFSA Circulars

03/07/2015 - [Circular to Fund Managers regarding Appendix 2B – Financial Return for Fund Managers](#)

07/07/2015 - [Note for Information - Amendments to Insurance Intermediaries Rule 1 of 2007](#)

14/07/2015 - [Notice to applicants for a Category 3 Investment Services Licence that would like to carry out binary options trading](#)

14/07/2015 - [Notice to applicants for a Category 2 or Category 3 Investment Services Licence that would like to carry out online forex trading](#)

16/07/2015 - [Circular to the financial services industry in relation to the publication of a revised version of MFSA's Frequently Asked Questions document concerning the Loan Fund Rules](#)

20/07/2015 - [Circular to Credit Institutions on the reporting relating to Additional Liquidity Monitoring Metrics](#)

29/07/2015 - [Notice to Financial Services Licence Holders - FATF identifies jurisdictions with strategic deficiencies](#)

Forthcoming Events

October 4 -7 - [FERMA Risk Management Forum 2015](#)

November 18 - [5th EIOPA Annual Conference - 2015](#)

November 24-26 - [Commonwealth Business Forum 2015](#)



Training by members of the ECC:

- [Malta International Training Centre](#)
- [Malta Institute of Accountants](#)
- [Institute of Financial Services](#)
- [Institute of Legal Studies](#)
- [Institute of Financial Services Practitioners](#)
- [Malta Institute of Management](#)
- [Castille Institute](#)



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