



Malta: An alternative EU domicile for funds and fund managers

Geneva FINDATING 2nd Edition

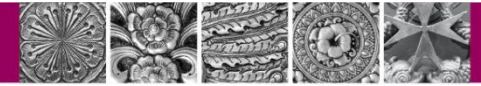
VFS

Valletta Fund Services

A MEMBER OF THE BOV GROUP

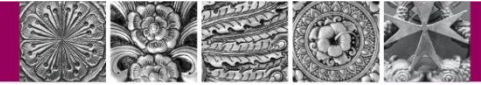
Malta's leading fund services provider

Agenda



- 1. Malta: a snapshot**
- 2. Malta's financial services industry**
- 3. The success factors**
- 4. Bank of Valletta Group**
- 5. Concluding remarks**

A snapshot: economic highlights



- Member of the EU since 2004; joined the €uro Group in 2008
- GDP growth (2015): +6.3% from previous year 2016 (Q1) +5.2%
- Fitch forecast 2016: GDP growth to exceed Eurozone average
- Deficit 2015: 1.6% of GDP; (Forecast for 2016: 1.1% of GDP)
- Unemployment (Q1 2016): 5.2%
- Rating:

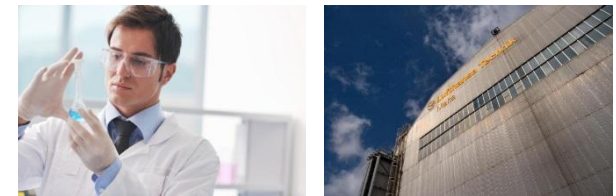
Moody's		A3	(Stable outlook)
Fitch		A	(Stable outlook)
S & P		BBB+	(Positive outlook)
Trading Economics	74		(Stable outlook)
- Inflation: 2014: 0.31% 2015: 1.4% 2016 (Q1): 1%
- Population: 420,000
- Economic Sectors: A diversified economy...

Source: NSO Malta (National Statistics Office)
European Commission's Winter 2016 Economic Forecast



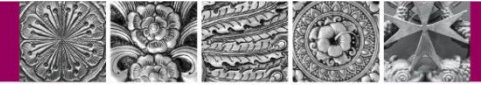
A unique interrelated blend of seven industries upon which Malta can focus future business attraction, retention, and entrepreneurial development efforts upon:

- 1. Tourism**
- 2. Advanced Manufacturing**
- 3. Life Sciences and Health Services**
- 4. ICT related services**
- 5. Transportation and Logistics**
- 6. International Educational Services**
- 7. Financial Services**





Malta's Financial Services Industry



Milestones

1988: Offshore domicile

1990: Application to join EU

1994: From offshore to onshore

2000: Professional Investor Fund regime

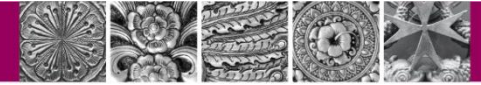
2002: Continuation of Companies Regulations

2004: Malta joins EU / Introduction of UCITS regime

2008: Malta adopts the Euro

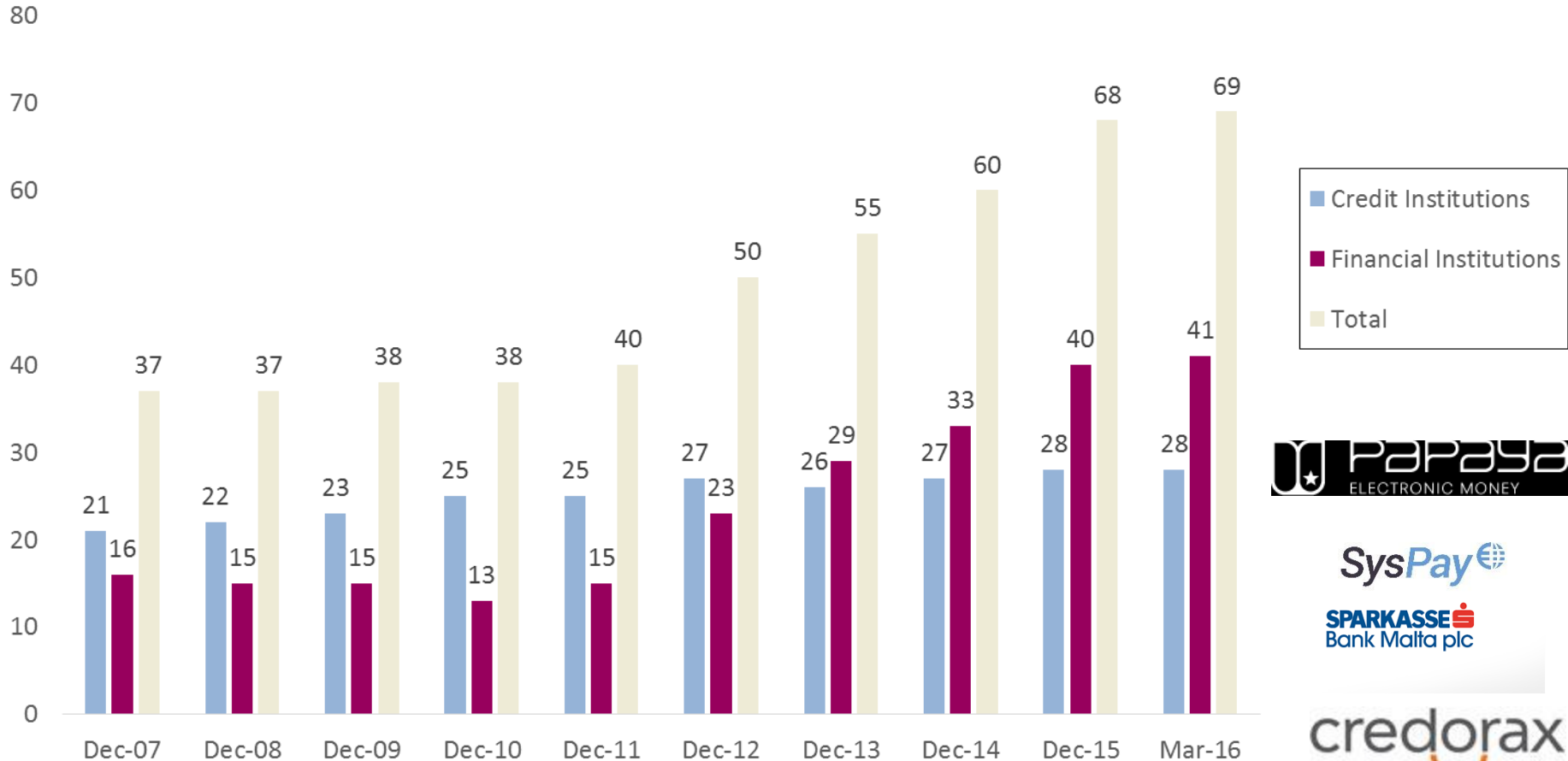
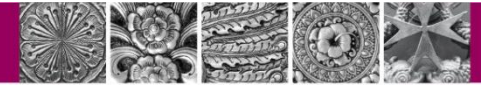
2014: AIFMD transposed in Malta's legislation

2016: Financial Services sector: strong economic enabler



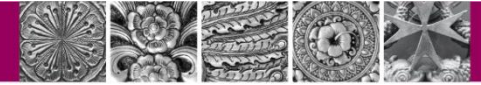
- 1. Credit and Financial Institutions**
- 2. Insurance companies**
- 3. Trusts and Foundations**
- 4. Funds and Fund Management operations**

A Centre Credit and Financial Institutions

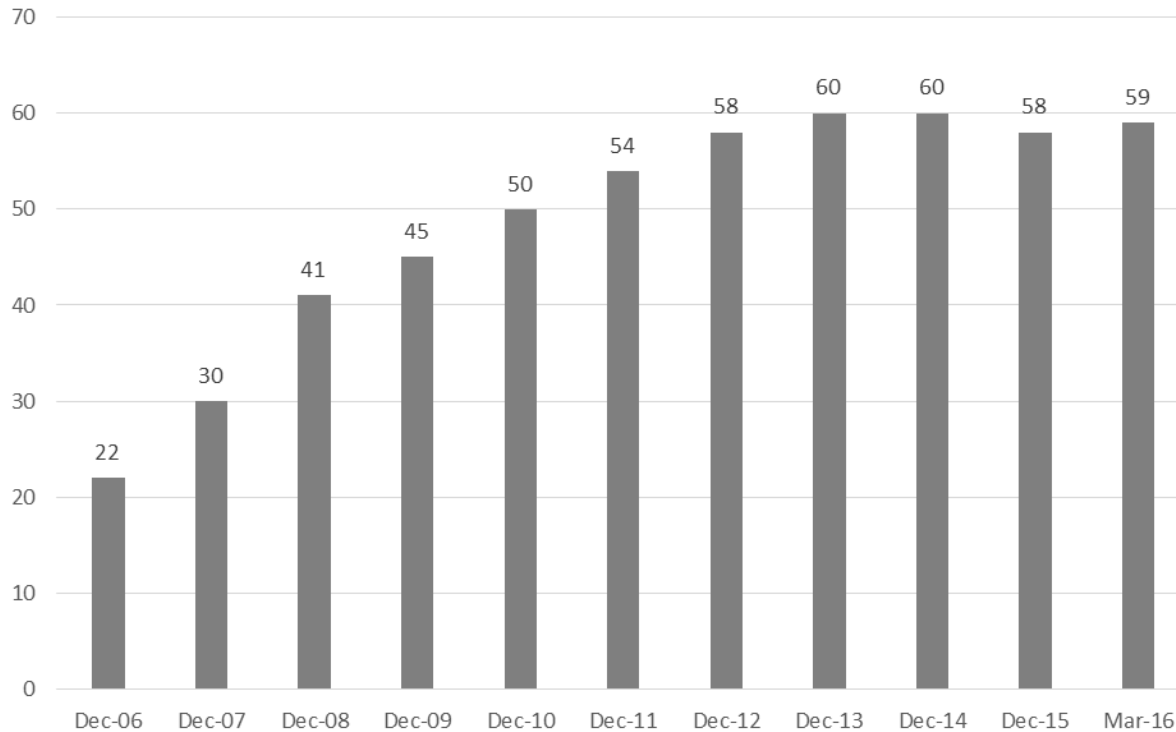


Malta's Financial Centre

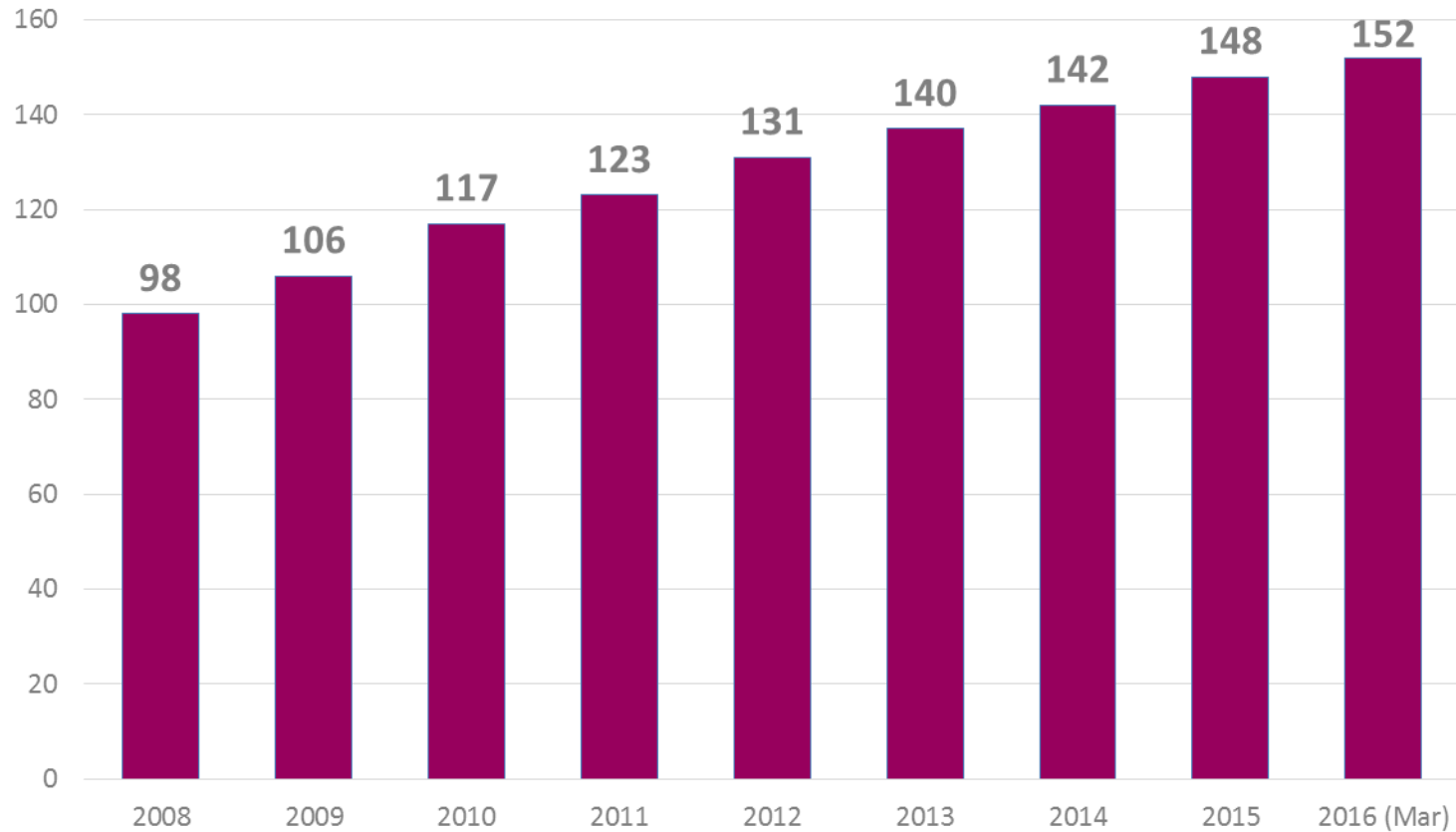
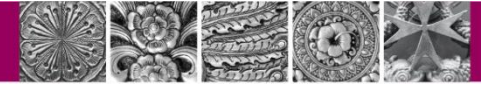
Presence of key international insurance operators



2004: 8 insurance operators
2016: 59 insurance operators

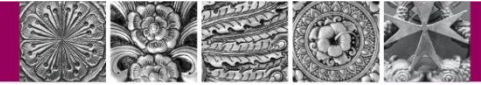


Trust and Foundations Sector Steady Growth



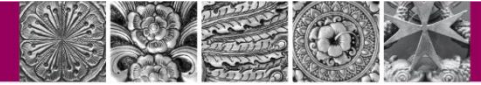
- Growing number of Trusts and Trustees setting up in Malta.

Malta's Financial Centre Fast Growing Funds Sector



- Over 620 investment funds
- NAVs of Malta based funds: over €10 billion
- Aggregate AUM of funds managed by Malta based asset management companies: €70 billion approx.
- NAV of funds administered by Malta based Fund Administrators: €7.8 billion approx.
- 27 Fund Administrators
- 12 Depositaries (10 custodians + 2 depo-lite)
- 156 Investment Services Licences of which 114 have a Category 2 licence



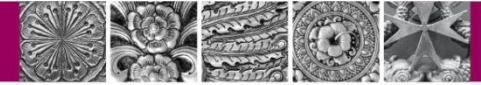


Flexible Choice of Fund Structures for UCITS and Alternative investor vehicles

1. UCITS Schemes
2. Choice of Professional Investor Fund Structures
3. Choice of Alternative Investor Fund Structures
4. Recognized Incorporated Cell Companies (RICCs)
5. Notified Alternative Investment Funds (*public announcement 1st April 2016*)

Malta's Fund Industry

A Comprehensive Regulatory Framework for Investment Funds

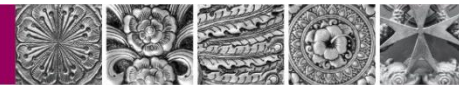


1. UCITS Schemes

- UCITS V Directive transposed in the local legislation (*as from 18th March 2016*)
- No need for appointment of sponsor
- No need for appointment of local “Man Co” as required in other jurisdictions
- Fund Administrator may be based out of Malta

Malta's Fund Industry

A Comprehensive Regulatory Framework for Investment Funds

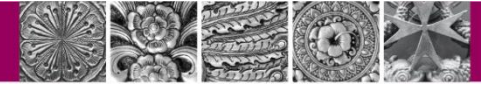


2. PROFESSIONAL INVESTOR FUNDS

- Rule book for deminimis funds managed by deminimis fund managers (ie “out of scope” in terms of AIFMD)
- Robust and extensive regulatory framework
- Regulation that addresses requirements of both Qualifying Investors as well as those of investment managers of alternative strategies
- Qualifying Investors:
 - Minimum investment €100,000
 - Declaration by the investor to the Investment Manager and the CIS in relation to full understanding of risks linked to investment in fund
 - Own net assets value equal or in excess of €750,000
- Ideal regulatory framework for structuring of:
 - Hedge funds*
 - Arbitrage Funds*
 - Funds of Hedge Funds*
 - Systematic Trading*
 - Real Estate funds*
 - Distressed debt*
 - Private Equity*
 - Loan funds*
- Ease of conversion of PIF structures into Alternative Investment Funds (full scope AIFMD compliant funds)

Malta's Fund Industry

A Comprehensive Regulatory Framework for Investment Funds

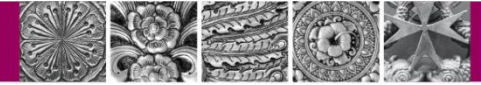


3. ALTERNATIVE INVESTOR FUNDS

- Rule book for *full scope AIFMs or self managed full scope funds*
- Structures for alternative strategies and different investor typologies
- Derogation up to July 2017 for appointment of local depositary
- Possibility for opt-ins for de minimis Managers and self managed funds
- EU passport, thus catering for possibility of active marketing of fund EU wide
- 3 typologies of AIFs:
 - Retail investors
 - Qualifying investors (as defined for Professional Investor Funds)
 - Professional investors (under MiFID)
- Policy documents: responsibility of AIFM or the fund if self managed
- Distinctive features: disclosure ; risk management ; market of 400 million potential investors

Malta's Fund Industry

A Comprehensive Regulatory Framework for Investment Funds



AIFs for “Retail Investors”

- Similar restrictions to those applicable under UCITS

AIFs for “Qualifying Investors”

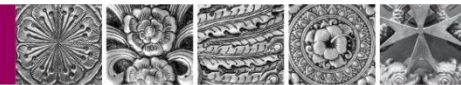
- Same features as those applicable for PIFs, yet AIFMD branded

AIFs for “Professional Investors”

- Benefits from passporting

Malta's Fund Industry

A Comprehensive Regulatory Framework for Investment Funds

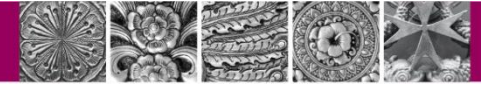


4. RICCs – Recognised Incorporated Cell Companies

- Ideal as “hosting platforms”
- May host all fund types (UCITS-AIFs-PIFs; self managed as well as externally managed funds under same platform)
- Ease in migrating Incorporated cell into separate SICAV
- Legal certainty in relation to segregation of assets and liabilities between ICs
- RICC requires a recognition certificate by MFSA

Malta's Fund Industry

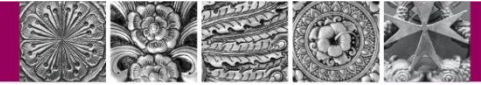
A Comprehensive Regulatory Framework for Investment Funds



5. NOTIFIED ALTERNATIVE INVESTMENT FUNDS (NAIFs)

- MFSA public announcement scheduled for 1st April 2016
- Fast track to launch AIFs for full scope AIFMs (10 days from submission of request)
- Applicable for notification of AIFs promoted to Professional and Qualifying Investors
- Available to full scope AIFM
- NAIF is not authorised or approved by MFSA; nor subject to supervision
- MFSA will make available on website the List of Notified AIFs in good standing
- AIFM will assume full responsibility for the NAIFs managed by it, and for fulfillment of obligations of the NAIFs
- Third country AIFMs may submit request for NAIF once country has been granted passporting rights pursuant to AIFMD
- Templates and other documents to assist AIFMs out soon...

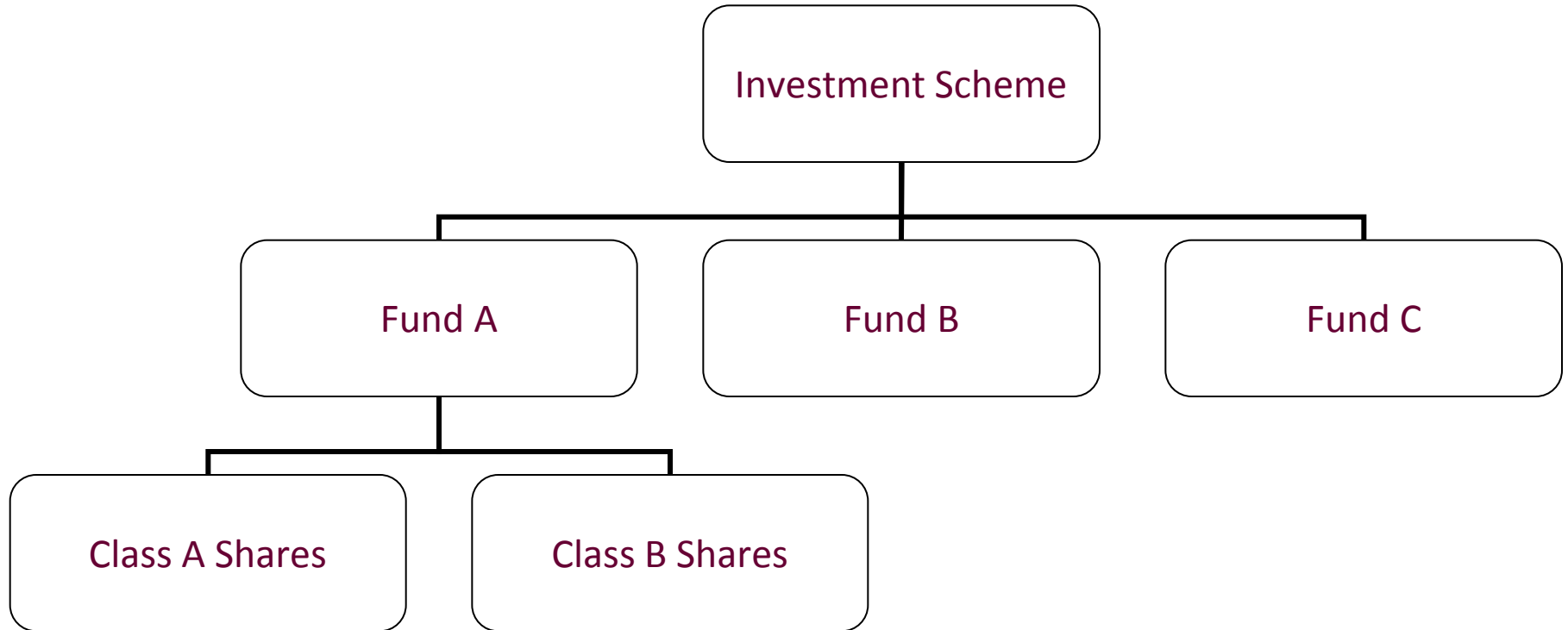
Recent Developments in the local funds sector in Malta



- Passporting of UCITS funds into other EU domiciles
- Listing of UCITS funds on the Milan Stock Exchange (in progress)
- Rent-a-cell business models
- Growth in funds investing in real assets
- Cross-border mergers of UCITS funds
- Conversions of PIF structures to AIFs
- Redomiciliation of investment funds from offshore domiciles to Malta
- Strong presence of Fund Administrators and Fund Managers, and growing number of Custodians

Typical Scheme Structure

Multi Funds or Single Fund Structure

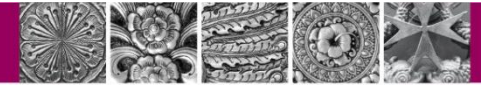


- Underlying Funds may consist of several share classes denominated in different currencies and featuring different fee structures.
- Fund's assets treated as separate patrimonies.



Malta: The Success Factors

The Success Factors



- Single Regulator: pro-business approach

- Cost competitiveness

- Time to market considerations



- Robust yet flexible regulatory framework catering for all investor types and investment strategies

- Strategic alliance between authorities and industry players

- Highly skilled workforce

- Cosmopolitan lifestyle





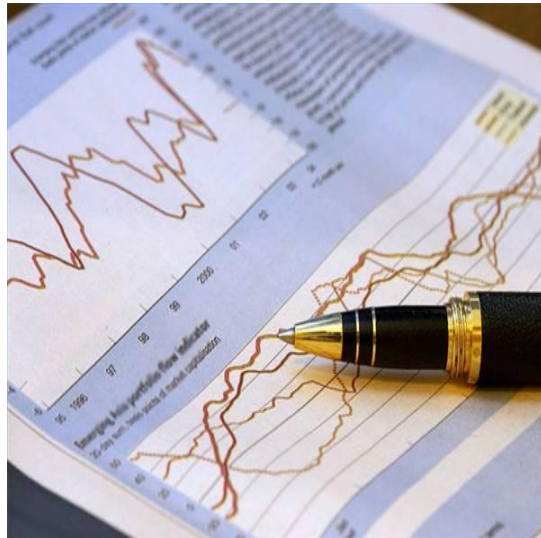
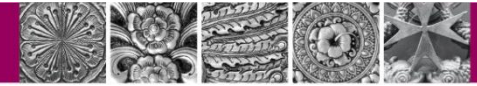
BOV
Bank of Valletta

VFS
Valletta Fund Services
A MEMBER OF THE **BOV** GROUP

Group and Business Profile

Bank of Valletta plc

Highlight statistics



- **Total Assets (30/09/2015):** € 9.9 billion
- **Pretax profits:** € 118 million
- **Return on Equity:** 18.4%
- **Market capitalization:** € 853 million
- **Shares in issue:** 360 million
- **Tier 1 Ratio:** 11.3%
- **Fitch Rating:** BBB+
- **Market share:** 45%

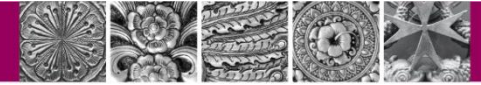


AWARDS

- Global Finance Best Bank in Malta
- MCA eBusiness Award: Best Multi Channel Strategy
- Best Trade Finance Bank in Malta

Bank of Valletta plc

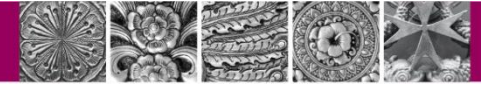
Malta's Largest and Leading Banking Group



- **Retail and Corporate Banking Services**
- **Corporate Finance**
- **Consumer Finance**
- **Wealth Management**
- **Brokerage**
- **Treasury**
- **Cards Business**
- **Fund Management**
- **Fund Administration**
- **Global Custody**
- **Associates/JCE -**
 - Life Assurance**
 - General & Casualty Insurance**

Valletta Fund Services – a member of the BOV Group

Highlight statistics



- **Assets Under Administration:** €3.7 billion
- **Number of Funds under Administration:** 125 funds
- **Shareholder registry:** 65.000 unique shareholder accounts
- **NAVs issued:** In excess of 8,000 per annum
- **Market Share:** In excess of 35%



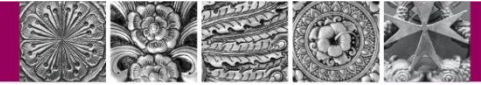
AWARDS

- ACQ Global Awards: Malta Fund Administration Specialist
- Corporate International Global Awards: Best Fund Administrator in Malta
- Finance Monthly: Malta Fund Administrator of the year



Fund Administration Services

Valletta Fund Services - Service Proposition



Turnkey Fund Set Up Services

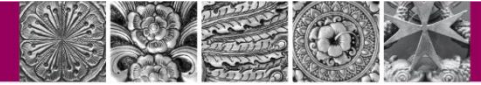
- Setting Up of UCITS, AIFs, PIFs and Fund Management Companies
- Preparation of full suite of constitutional and regulatory application documents
- Management of the licensing processes
- Redomiciliations of Offshore Funds
- Cross Border mergers and Passporting



Suite of Fund Services

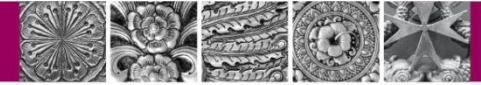
- Fund Accounting and Valuation
- Shareholder Registry
- Preparation of Financial Statements
- Company Secretarial
- Regulatory Reporting:
 - FATCA
 - CRS
- Administrative Services to AIFMs

Strong Risk Management Culture



- **VFS: Independently Assessed Risk Control Certification - ISAE 3402**
- **Comprehensive Internal Compliance Monitoring Plan**
- **External Compliance Audits**
- **Top 4 Audit firms**

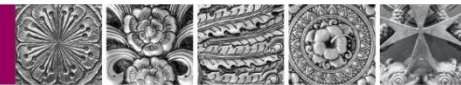




1. a **comprehensive legal and regulatory** framework for UCITS and alternative funds
2. presence of a **meticulous yet accessible** regulator
3. **cost competitive** jurisdiction
4. **efficient licensing** process
5. **strong operational infrastructure**



Bank of Valletta Group
Your Fund Servicing Partner in Malta



Valletta Fund Services

A MEMBER OF THE BOV GROUP

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Valletta Fund Services Limited is recognised to provide fund administration services and licensed to provide Company services by the Malta Financial Services Authority

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