Service Provision: Listing, Custody, Administration and Management

The solid fund services infrastructure in Malta has continued to build up during 2014 with the issuance of more investment services licences.

**Fund Listing & Depository Services**
Both retail and non-retail investment funds can obtain a primary or secondary listing in Malta and admission to the Official List of the Malta Stock Exchange (MSE), as well as enjoy cost-effective support services in connection with the fund's administration.

**Why list a collective investment scheme?**
- Potentially increases investor base
- Certain institutional investors (such as pension funds) may be restricted or prohibited from investing in unlisted non-retail funds.
- Raises fund profile and increases its marketability
- A listing on a reputable regulated market adds prestige to the investment fund and enhances its profile and marketability.
- Makes information available publicly to investors
- NAV and other announcements made by retail funds listed on the Malta Stock Exchange are communicated to the public.

**Why consider using the Malta Stock Exchange’s Central Securities Depository (CSD) to maintain the register of the funds?**
- The MSE CSD already has significant experience and capacity, and has a very strong reputation in this area of operations. Registers held within the MSE CSD are the authenticated register of a security.
- The close link with the MSE trading arm makes it a logical choice for listed funds and other securities to be domiciled at the CSD.
- The CSD enjoys a link with Clearstream which provides international access to securities and is conducive to increasing the level of liquidity of the assets on the market.
- Fund managers can obtain a competitive advantage through the use of the MSE’s low cost CSD operations and its listing (and trading) platforms whilst still enjoying access to international markets through its Clearstream link.

**Fund Management Services**
Malta boasts a growing number of fund and asset managers, who benefit from the competitive corporate tax rate and the opportunity to service funds anywhere in the EU. Around 70 companies currently offer their services, which include investment and fund management, accounting services, valuation and pricing, regulatory compliance monitoring, distribution of income, unit issues and redemptions as well as contract settlements.

**Requirements for Fund Managers**

**Local UCITS schemes:**
- Fund manager must: hold an investment services licence
- qualify as a European or Maltese management company in terms of the Investment Services Act (UCITS Management Company Passport) Regulations.

**AIFs:**
- Fund manager must: hold an investment services licence
- be authorised to provide

**Passporting Rights**
An authorised EU/EEA AIFM or UCITS Management Company may exercise its European right to establish a branch in Malta or to provide services in Malta without the requirement of obtaining authorisation under the relevant legislation, provided that the passporting provisions are complied with.

**Benefits of Fund Management Services in Malta**

- Office space and human resources are up to half the cost of other European jurisdictions
- Flexible regulatory environment
- EU passporting rights
Fund Administration Services
Although funds registered in Malta are not required to appoint a local administrator, the exorbitant growth of the fund industry has attracted increasing numbers of fund administrators to set up on the island. There are currently 27 fund administrators recognised by the MFSA, among them Valletta Fund Services, Apex, Custom House, Praxis, IDS Group, Calamatta Cuschieri, Alter Domus, Heritage, TMF and Amicorp. While regulation allows for flexibility and choice, locally-based service providers have built up the required infrastructure and a proven track-record to provide not only post-trade services but also pre-settlement trade processing and support, position and trade reconciliation, fund accounting and risk management reporting. Services fund administrators usually provide include NAV calculation, reconciliations, pricing of the investment portfolio, payment of bills, transfer agency, preparation of financial statements and fund accounting, performance and compliance reporting as well as preparation of contract notes.

Benefits of Fund Administration in Malta
• Highly competitive operational costs
• Straightforward licensing process (only recognition required)
• No capital requirements

Requirements for Fund Administrators
A fund administrator may either be appointed directly by the fund or alternatively by the manager. In the latter case the manager can decide to either carry out the administration himself or to delegate the administration to an external administrator. However, administrators do not enjoy passporting rights.

Setting up a Fund Administration Business in Malta
Fund administrators do not require a licence in terms of Maltese law, but must apply to the MFSA for recognition.

Regulatory Fees
Application for Recognition to provide:
• Fund Administration: €3,000
• Annual Supervisory Fee: €1,500

Request for Recognition
• Fund Administrators need to submit the following documents with their request for recognition:
  • Completed application and personal questionnaire (directors, qualifying shareholders, Compliance Officer, Money Laundering Reporting Officer) form
  • Business plan, including a description of the Fund Administration Services to be provided and details as to whom such services will be provided
  • Memorandum & Articles of Association, deed of partnership or equivalent constitutive document depending on the legal structure
  • A copy of the most recent audited accounts of the applicant or in the case of a new entity, three year financial projections
  • A chart which illustrates the internal operational structure with respect to its proposed fund administration business (this has to show names, reporting lines and roles)
  • Details on the ultimate beneficial owners

Persons that already hold a licence from the MFSA only need to submit a business plan and a chart outlining the operational structure