Corporate Structures

Malta has become renowned for its wide range of innovative structures, which continue to attract foreign investors in the finance sector looking for sound and cost-effective ways to tap into new markets.

Head Office / Subsidiary in Malta
Credit or financial institutions locating their head offices or establishing a subsidiary in Malta can benefit from the country’s EU membership, an attractive tax regime, a wide network of tax treaties, as well as an excellent business environment. Credit and financial institutions can usually be set up as private or public limited liability companies in Malta:

- **Private Limited Liability Company**: must limit the number of its shareholders to 50 and cannot offer its shares to the general public. The minimum share capital required to set up a private company is €1,165 with 20 per cent paid up and subscribed to by at least two persons, except in the case of single member companies, with restricted objects.

- **Public Limited Liability Company**: the minimum share capital requirement is €46,588, with 25 per cent paid up and subscribed for by at least two persons.

Branches of EU Credit or Financial Institutions
Credit or financial institutions authorised in another EU/EEA member state looking to establish a branch or provide services in Malta may exercise their passporting rights. In this case they would be exempt from the licensing requirement under the Banking or the Financial Institutions Act. However, they are required to register the branch with the Maltese Registrar of Companies within one month from establishing a branch or a place of business in Malta.
Foreign Branches of Credit Institutions or Financial Institutions

The MFSA will only entertain applications from applicants intending to set up a branch or a subsidiary in Malta if the home countries are signatories to the Basel Concordat. An institution whose principal place of business is in a country outside Malta, the MFSA may consider that the minimum criteria for authorisation are fulfilled if:

- the foreign supervisory authority informs the MFSA it is satisfied with the prudent management and overall financial soundness of the applicant
- the MFSA is satisfied as to the nature and scope of the supervision exercised by that country’s relative authority

The MFSA still exercises its own judgement on an institution’s suitability for authorisation, and it will examine the proposed business, internal controls, accounting, and other records and personnel and management arrangements of the applicant. The MFSA may also require information regarding directors, controllers and managers of the overseas institutions operating through branches in Malta, however, this may be less detailed than required from institutions registered in Malta.

Representative Office in Malta

Foreign banks may establish a representative office in Malta, but the activities must be confined to the conduct of purely liaison activities and may not include the engagement in financial transactions or the execution of any documents, except where necessary for and incidental to the maintenance of the office in Malta. Prior to setting up the representative office, the MFSA is required to give at least two months’ notice to the MFSA that they intend to establish an office. The notice has to specify the name it is proposing to use in relation to the activities and the address of the representative office. The notice must be accompanied by a certified copy of the authorisation of the company to conduct the business of banking in a country other than Malta. The MFSA may also request additional information or documents.

Agency in Malta

Financial institutions can enter into agency arrangements with third parties, with the prior written approval from the MFSA. The following information must be communicated to the regulator:

- the name and address of the agent
- a description of the internal controls applied by the agent
- the identity of the directors and management of the agent

A person who is appointed as agent of a licensed financial institution can only act as agent:

- in respect of those activities for which the financial institution to which he will act as agent is licensed under the Act
- to not more than one person licensed under the Act
- subsequent to the verification by the competent authority of the information provided by the financial institution