



**Deloitte.**

# Malta - An investment management jurisdiction

Deloitte Malta  
Financial Services Industry

The international financial service community is waking up to the fact that our jurisdiction is a fully fledged investment management domicile which boasts a statutory and regulatory regime fully compliant with international standards within a country which is a full member of the European Union

# Introduction

The Maltese financial services industry is going through exciting times. The international financial service community is waking up to the fact that our jurisdiction is a fully fledged investment management domicile which boasts a statutory and regulatory regime fully compliant with international standards within a country which is a full member of the European Union (EU). Our size makes us nimble and proactive, enabling us to come up with new solutions which differentiates our product from that of more established jurisdictions. Our hunger to do business currently results in significant advantages over other jurisdictions in terms of cost to do business, time to business, and approachability and availability of our Regulator for new entrants. There are significant fiscal incentives for appropriately set up structures, with Malta benefitting from 70 double taxation agreements with other countries.

The international financial services community is cognisant of the potential and opportunities of doing business in Malta, and are establishing a presence here in increasing numbers. There were approximately 100 registered fund schemes in Malta in 2006. This has risen to a current figure in the region of 600 funds/sub-funds domiciled in Malta. Established names are setting up in Malta. Citco, HSBC, Deutsche Bank, Willis, Marsh, and Munich Re are a few of the financial services international groups which have a regulated operation in Malta.

We look forward to helping you do business in Malta.



Image: [www.viewingmalta.com](http://www.viewingmalta.com)

# Investment management

## AIFMD

Malta was one of the first EU jurisdictions to fully transpose the Alternative Investment Fund Managers Directive (AIFMD) into its regulatory framework. The AIFMD is intended to create a harmonised framework for the management and marketing of alternative funds within the context of a high level of investor protection. It prescribes rules for the authorisation, operating conditions, and transparency obligations to be applied to Alternative Investment Fund Managers (AIFMs) and for the marketing of Alternative Investment Funds (AIFs) to professional investors throughout the EU.



## **UCITS**

Undertakings for Collective Investment In Transferable Securities, or UCITS, are essentially Collective Investment Schemes (CISs) which, having satisfied those additional legal and regulatory requirements set out in the UCITS directives, in both form and substance, may avail themselves of a larger market for the sale of their units by “passporting” into any European Economic Area (EEA) or EU Member State without the requirement of licensing in each new member state.

## **Professional Investor Funds**

The Maltese jurisdiction has a very strong product in its Professional Investor Fund (PIF), a Collective Investment Scheme (CIS) for experienced investors.

A PIF is a type of CIS licensed and regulated by the Malta Financial Services Authority (MFSA), the single regulator for financial services in Malta. A PIF is a non-retail fund which is not regulated to the same degree as other CISs, and accordingly may only be promoted to specified categories of investors. Given the characteristics of a PIF, the objective of this regime is to create a “fast track” for regulatory approval for this type of investment vehicle and a reduced level of ongoing regulation and supervision. These features of the PIF, together with an attractive fiscal environment, have made Malta an increasingly popular hedge fund domicile.

## **Investment Managers**

The provision of investment services in, or from, Malta is regulated by the Investment Services Act, CAP 370 of the Laws of Malta, and the Investment Services Rules, which implement various EU directives. The investment services industry in Malta is regulated and monitored by the MFSA. The licensing procedure adopted reflects the accessible approach of the MFSA, which seeks to ensure a time-efficient, yet thorough, process with open lines of communication between the Authorisation Unit and licence holders.

# Why Malta?



Images: [www.viewingmalta.com](http://www.viewingmalta.com)

## 1. Regulator

Malta's single regulator has earned high praise for its flexibility and approachability. The MFSA has been described as pragmatic, reasonable, and business-friendly, whilst still maintaining a rigorous standard of regulation. The regulator's availability is a strong selling point with prospective clients able to meet the regulator directly and almost immediately, which is in stark contrast to what happens in other jurisdictions.

## 2. Regulatory framework

Malta has a comprehensive statutory and regulatory framework which is in full compliance with EU directives. The Maltese Companies Act is based on the UK Companies Act. Malta is actively involved within all the main international standard-setting bodies in modelling global regulatory policy.

## 3. Service providers not required to have a local presence

For certain fund categories, there is no obligation to have any of the service providers located in Malta. Therefore, a fund established in Malta can have its principal service providers, such as its investment manager, its custodian, and its fund administrator, located in another jurisdiction. This has proved to be a very strong selling point, as industry players who already have strong relationships with existing service providers could launch a fund in Malta without having to change their existing service providers.

#### **4. Fiscal regime**

The income of funds, other than income from immovable property situated in Malta, is exempt from Malta tax. Furthermore, no Malta tax is charged upon a distribution of dividend or a redemption of units in the fund by a non-resident investor. Malta has 70 double taxation treaties in force based on the OECD model. Although fund managers are taxable at 35%, their shareholders are eligible for a six-sevenths refund on the distribution of a dividend from the fund manager. Fund management and administration services are exempt from Value Added Tax (VAT) in Malta.

#### **5. Time to business**

One of Malta's advantages is considered to be the relatively short time it takes to be granted a regulatory licence. Currently, a fund would expect to wait an average of eight to twelve weeks from submission of application before being granted a licence.

#### **6. Operating costs**

Malta boasts an operating cost base which is very competitive when compared to other jurisdictions. This cost advantage is pervasive across all related sectors such as salary costs, professional fees charged, rental fees, and licensing fees.

#### **7. Human resources**

The quality of Maltese professionals is deemed to be of a very high calibre. Our proficiency with languages, and the fact that English is a mother tongue for the working professional, gives us a direct advantage. The Italian language is also widely spoken.

# Malta: Committed to success

## *10th Soundest Banking Sector*

(World Economic Forum's Global Competitiveness Report 2014 – 2015; approximately 144 countries reviewed)

## *17th in Regulation of Securities Exchanges*

(World Economic Forum's Global Competitiveness Report 2014 – 2015; approximately 144 countries reviewed)

## *13th in Strength of Auditing and Reporting*

(World Economic Forum's Global Competitiveness Report 2014 – 2015; approximately 144 countries reviewed)

## *26th for Availability of Financial Services*

(World Economic Forum's Global Competitiveness Report 2014 – 2015; approximately 144 countries reviewed)

## *35th in Country Credit Rating*

(World Economic Forum's Global Competitiveness Report 2014 – 2015; approximately 144 countries reviewed)

## *16th in Quality of Education System*

(World Economic Forum's Global Competitiveness Report 2014 – 2015; approximately 144 countries reviewed)

## *Top performer in efficiency of online services*

(European Commission's 2015 Benchmarking report on eGovernment Services)

## *2nd in the Timely Implementation of Internal Market rules into National Law*

(European Commission's 2014 Internal Market Scoreboard)

## *1st place Europe's Favorite Domicile*

(Hedge Fund Review 2014 Service Provider ratings)

## *5th Most Open Economy*

2013 Open Market Index International Chapter of Commerce (out of 75 nations)

*4th rating in Government  
prioritisation of ICT and  
importance of ICT to government  
vision of the future*

***5th Most Open Economy***

2013 Open Market Index International Chapter of  
Commerce (out of 75 nations)

*7th rating in ICT use and  
government efficiency*

(142 countries reviewed)

***11th rating in secure Internet  
servers***

***14th Soundest Banking Sector***

(World Economic Forum's Global Competitiveness Report  
2013 – 2014; approximately 148 countries reviewed)

***15th Position in Financial Market  
Development***

(World Economic Forum's Global Competitiveness Report  
2012 – 2013; approximately 150 countries reviewed)



The Global Financial Services Index 2010 named Malta as

***One of the three financial centres  
expected to grow in importance  
over the coming years***

The Global Financial Centres Index 2011 and 2012  
highlighted Malta as a jurisdiction, which rivals with  
prominent cities in the finance world.

# Deloitte Malta

Our firm has been actively involved in the investment management industry in Malta ever since the industry's inception.

## Market leaders

As market leaders in the provision of professional services to the local financial services industry, our financial services industry practice boasts a significant market share in all key segments of Malta's fastest growing industry.

## Dedicated team

In recognition of the importance of this sector and in order to be better placed to service its clients in this sector, the firm has a dedicated financial services team in place. This group is led by Stephen Paris and consists of over 40 professionals.

## Experienced personnel

Over the years, we have recognised the potential for significant growth in this industry and have invested in training our staff. Our financial services team members are seconded to Deloitte offices in established global financial services centres, primarily Luxembourg, London, Dublin, New York, and the Cayman Islands. Managers working in this industry are sent on longer term placements to financial services centres in order to specialise and enhance their industry expertise.

## Extensive networking contacts

Our experience and involvement in the field has given us a significant advantage in terms of the extent and quality of our relationships with all the stakeholders in the industry in Malta. We have associations with the Institute of Financial Services Practitioners (IFSP), the Malta Institute of Accountants (MIA), as well as Finance Malta - a public-private initiative set up to promote Malta's International Financial Centre. We have extensive associations with the Regulator in Malta and are consulted on issues and developments within the industry. We contribute to opinion papers issued by the IFSP and the Malta Funds Industry Association. Importantly, we have excellent relationships with all the leading service providers in Malta: fund administrators, legal offices, credit institutions, and investment managers.

## Recognition

In 2010, 2011, 2014 and 2015, Deloitte Malta was awarded 'Malta Tax Firm Of The Year' by International Tax Review.



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# Contacts

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