



Investment service providers in Malta

The provision of investment services in or from Malta is regulated by the Investment Services Act, and the Investment Services Rules, which implement EC Council Directive 2004/39/EC (MiFID) and certain provisions of EC Council Directive 85/611/EC ('UCITS' Directive).

The investment services industry in Malta is regulated and monitored by the Malta Financial Services Authority (MFSA), the single regulator for financial services in Malta.

Licensable activities

A person providing any one or more of the following investment services in or from Malta, in relation to specified 'instruments', must be licensed by the MFSA:

- Reception and transmission of orders in relation to instruments.
- Execution of orders in relation to instruments on behalf of other persons.
- Dealing on own account.
- Management of investments.
- Trustee, custodian or nominee services.
- Investment advice.
- Underwriting of instruments and/or placing of instruments on a firm commitment basis.
- Placing of instruments without a firm commitment basis.
- Operation of a multilateral trading facility.

Categories of licences

There are four categories of investment services licences:

Category 1a

Licence holders authorised to receive and transmit orders and, or provide investment advice and, or place instruments without a firm commitment basis but not to hold or control clients' money or customers' assets.

Category 1b

Licence holders authorised to receive and transmit orders, and/or provide investment advice in relation to one or more instrument and/or place instruments without a firm commitment basis solely for professional clients and/or eligible counterparties but not to hold or control clients' money or customers' assets.

Category 2

Licence holders authorised to provide any investment service, and to hold or control clients' money or customers' assets, but not to operate a multilateral trading facility or deal for their own account or underwrite or place instruments on a firm commitment basis.

Category 3

Licence holders authorised to provide any investment service, to hold and control clients' money or customers' assets.

Category 4

Licence holders authorised to act as trustees or custodians of collective investment schemes.

The above categories determine a licence holder's Financial Resources Requirements as well as the registration and annual fees payable to the MFSA. Licence categories 1 to 3 are cumulative however this is not the case with Category 4.

Capital requirements

The following initial capital requirements apply to investment services licence holders:

| Category | Initial capital requirements |
|---------------------------|------------------------------|
| Category 1a | €50,000 |
| Category 1b (with PII) | €20,000 |
| Category 1b (without PII) | €50,000 |
| Category 2 | €125,000 |
| Category 3 | €730,000 |
| Category 4 | €125,000 |

Initial capital is comprised of equity capital and reserves.

A licence holder must maintain own funds which are equal to or in excess of its Capital Resources Requirement as defined in the Investment Services Rules.

European 'passporting' rights

An authorised EU/EEA investment firm 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.

Similarly, a Maltese licence holder may exercise its right to establish a branch or provide services in another EU Member State or EEA State by submitting all relevant notifications and documentation to the MFSA in accordance with the passporting provisions.

Malta tax treatment

As in the case of any Maltese company, a company licensed as an investment services provider incorporated under the laws of Malta would be chargeable to Malta tax on its profits at the standard rate of 35%.

Upon a distribution of dividends by the company to its shareholder/s, the said shareholder/s would be entitled to claim a refund from the Malta tax authorities of a significant part of the Malta tax paid by the said company on the profits out of which the dividend was distributed.

Certain services provided by licensed investment services providers (including fund management and fund administration) are exempt from VAT in Malta. Any input tax incurred which is attributable to exempt without credit supplies is not recoverable.

Tax factsheet

Marc Alden

Deloitte
Deloitte Place
Mriehel Bypass
Mriehel BKR 3000
Malta

malden@deloitte.com.mt
+356 2343 2712

Other Deloitte contacts:

Chris Curmi

ccurmi@deloitte.com.mt
+356 2343 2708

Malcolm Booker

mbooker@deloitte.com.mt
+356 2343 2000

Nick Captur

ncaptur@deloitte.com.mt
+356 2343 2714

Conrad Cassar Torregiani

ctorregiani@deloitte.com.mt
+356 2343 2716

Stephen Paris

sparis@deloitte.com.mt
+356 2343 2400

Craig Schembri

craigschembri@deloitte.com.mt
+356 2343 2751

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

Deloitte Malta refers to a civil partnership, constituted between limited liability companies, and its affiliated operating entities: Deloitte Services Limited, Deloitte Technology Solutions Limited, Deloitte Digital & Technology Limited, Alert Communications Limited, Deloitte Technology Limited, and Deloitte Audit Limited. The latter is authorised to provide audit services in Malta in terms of the Accountancy Profession Act. A list of the corporate partners, as well as the principals authorised to sign reports on behalf of the firm, is available at www.deloitte.com/mt/about.

Cassar Torregiani & Associates is a firm of advocates warranted to practise law in Malta and is exclusively authorised to provide legal services in Malta under the Deloitte brand.

Deloitte provides audit, consulting, financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 245,000 professionals make an impact that matters, please connect with us on Facebook, LinkedIn, or Twitter.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2017. For information, contact Deloitte Malta.

LTU120211 LDU170526 FS023