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Inside this issue:

MFSA issues Shariah Fund Guidance Note	1
Network Management 2010 (NeMa)	1
Issue of Rules	1
Upcoming Events	1
Consultations Underway	2
New DVD for Consumers of Financial Services	2
New Licences issued in February / March	2
Warnings to investors	2

MFSA issues Shariah Fund Guidance

Note

The MFSA has published a Guidance Note for Shariah Compliant Funds. The document explains how the legal and regulatory framework established under the Investment Services Act would apply to Shariah-compliant funds established under Maltese law.

The MFSA stated that Malta's principles-based regulatory regime lays emphasis on the disclosure of all information that the investor needs to know before taking the investment decision and on the transparency of investment management process itself. This allows a high degree of freedom on the choice of investment strategies and asset allocation policies adopted by investment funds, subject to conditions that vary according to the level of experience and investment expertise of the target investor.

On this basis, the Guidance Note establishes that, whether set up as Professional Investor Funds, UCITS or non-UCITS Retail Funds, Shariah Funds may be regulated in the same manner as non-Shariah Funds. The level of disclosure and the applicable conditions would be the same as those that are applicable to the respective category of retail or professional funds. The Guidance Note therefore requires that funds presenting themselves as Shariah compliant are required to disclose all the relevant details in this respect in the fund prospectus or offering document as well as in their financial statements as part of their ongoing obligations.

The Guidance Note also explains the role of the Shariah Advisory Board in relation to that of the fund manager to ensure that the financial soundness of the manager's decisions is not conditioned by non-financial considerations. It is however also the manager's responsibility to ensure that the fund actually does satisfy the relevant Shariah principles and requirements as disclosed in the offering document.

The Guidance Note may be downloaded from the MFSA website: www.mfsa.com.mt under Securities/Guide to regulation.

Network Management 2010 (NeMa)

The 10th Network Management Forum 2010 (NeMa) will this year be held in Malta between the 9 and 10 June. NeMa is the leading annual conference for global custodians and fund managers and attracts an audience of over two hundred and fifty professionals from the network management and securities operations community. Key players from central banks, global and sub-custodians, investment strategists, consultants and economists from around the world, will be attending this event.

The event is organised by ICBI and supported by the MFSA and will include a Malta financial services briefing as well as presentations and discussions on the latest issues affecting the market. The Hon. Tonio Fenech is going to be a special guest speaker at this conference.

This year's forum promises to be a very important gathering for taking stock of strategy in these challenging times, whilst forging invaluable business relationships.

There are early bird discounts and an additional 25% discount for registrations made on the Coded registration form which can be obtained from the MFSA information office – communications@mfsa.com.mt.

Further information about the conference may be obtained from www.nema-event.com or email: info@icbi.co.uk.

Issue of Rules

Banking Rule BR/03 on Own Funds of Credit Institutions

The Authority has issued the amended Banking Rule BR/03 on Own Funds of Credit Institutions authorised under the Banking Act 1994 after consultation with credit institutions and other relevant stakeholders following a Note for consultation issued on the 30 October 2009. BR/03 transposes the requirements of Chapter 2 – 'Technical Instruments of Prudential Supervision' of EU Directive 2006/48/EC, and CEBS Guidelines on Prudential Filters for Regulatory Capital dated 21 December 2004. The Rule shall come into force with immediate effect. The first official schedule submitted in line with the new Appendix 1 is to be dated 31 March 2010.

Upcoming Events

Over the coming months the MFSA will be present at the following international industry events:

Regional Seminar on Corporate Responsibilities of Directors of Insurance Companies MFSA/CEIOPS (8 - 9 April 2010, Malta)

Frontiers of Risk, Risk and Insurance conference organised by Commercial Risk Europe (15 April 2010, Brussels)

21st Annual Globalisation of Investment Funds Conference - International Bar Association (16-19 May, USA)

NeMa - International Fund Administration & Custody (Network Management) Conference (9-10 June, Malta)

Consultations underway

Proposed amendments to the Listing Rules

The Authority is inviting comments from the industry on the draft amendments to Chapters 2, 3, 5, 8, 11, 14, 15 and 16 of the Listing Rules and on the proposed removal and restructuring of other Chapters of the Rules. The proposed amendments include the input of a Working Committee which had been set up to assist in the review process. The Working Committee included representatives from the Authority and representatives from the industry. Comments are to reach the MFSA by 13th April 2010. A copy of the documents may be downloaded from the MFSA website (www.mfsa.com.mt) under the heading: Announcements / Consultation Papers.

New DVD for Consumers of

Financial Services

The Malta Financial Services Authority has produced a DVD with general information about financial services and your rights and duties when purchasing financial products. This DVD includes information about various financial services products available on the market.

The DVD contains around 50 short video clips containing concise information and divided into four main chapters focussing on banking, investment services, insurance and other general information.

The DVD is available for free from the MFSA - call 80074924 to order your copy. If you have access to the internet, all the video clips on the DVD are available online on mymoneybox.mfsa.com.mt.



New Licences issued in February / March

Credit Institutions

Banking licence issued to Deutsche Bank (Malta) Limited.

IIG Bank (Malta) Limited.

Collective Investment Scheme Licences

CIS licence issued to Active Investment SICAV plc in respect of one sub-fund. This fund is a Professional Investor Fund targeting Qualifying Investors.

CIS licence issued to NBCG Funds SICAV plc in respect of one sub-fund. This fund is a Professional Investor Fund targeting Qualifying Investors.

CIS licence issued to PrimValue (Malta) SICAV plc in respect of one sub-fund. This fund is a Professional Investor Fund targeting Qualifying Investors.

Investment Services

Category 2 licence issued to Duet Malta Limited.

Category 2 licence issued to Clive Capital (Malta) Limited.

Recognition Certificate

A Fund Administration Recognition Certificate has been issued to Folio-ITL Fund Services Limited.

Insurance

Insurance Companies

Authorisation issued to One Insurance Limited to carry on business of insurance restricted to risks situated outside Malta in four classes of general business.

Cells

Cell A15 has been approved as cell of White Rock Insurance (Europe) PCC Limited.

Insurance Intermediaries

8 individuals were enrolled in the Tied Insurance Intermediaries List.

Retirement Schemes

Certificate of Registration issued to Melita International Retirement Scheme Trust to act as Retirement Scheme.

Warnings to investors

Over the past month the MFSA has received and circulated a number of warnings to investors issued by overseas regulators. Full releases can be accessed from the Warnings for Investors section in the MFSA website: (www.mfsa.com.mt).

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