

**Your Guide to
Financial Services in Malta:
Investment Funds &
Asset Management**

**WHY MALTA
FOR INVESTMENT FUNDS &
ASSET MANAGEMENT**



FinanceMalta

Effective | Secure | Skilled



**PROUD MEMBER OF
FINANCEMALTA**

Why Malta?

- Malta has established itself as a popular jurisdiction for alternative investments due to its flexible and innovative yet mature regulatory environment and a wide range of fund products.
- We offer access to both the retail and the institutional marketplace in the European Union.
- Our cost-effective environment appeals to managers, administrators and smaller to mid-sized investment funds.
- Experienced professionals and service providers can help you set up and run your fund structure in alignment with your needs.
- Digital assets and next-gen solutions are part of our vision for the sector.
- Speed to market is one of our critical success factors, with a fund product that can be registered in just 10 days and plug-and-play solutions for fund platforms.

Our Finance Centre in Numbers

2,070+

Authorised entities in 2020

12,200+

Employees in 2020

5.5%

Real GVA growth rate in 2020

24

Credit Institutions

50

Financial Institutions

72

Insurance Companies

54

Retirement Schemes

20

Fund Administrators

518

Investment Funds

78

Notified Alternative Investment Funds

4

Recognised Incorporated Cell Companies

39

Securitisation Vehicles

Source: MFSA. All data as of June 2021 unless indicated otherwise.

Official Name

Republic of Malta

Area

316 km²

Official Languages
English, Maltese

Population

516,100 (2020)

Status

EU Member State

Currency

Euro

Quick Overview: Malta's Financial Services Centre

We counter scale with agility, and an ever-evolving appetite for product-innovation. As we embark on the exciting journey of shaping the next generation of financial services, find out what else defines Malta's financial services ecosystem.

Malta may be one of the world's smallest countries, but it is also a vibrant financial hub where fintech start-ups, fund managers, insurance firms, payment providers and family offices work in walking distance from each other. Despite our small size, we made the conscious decision to support a variety of financial activities and specialist segments, including a rich mix international, regional and local institutions.

Asset management, insurance, banking, private wealth and fintech are the dominant forces of our finance industry. Moreover, **aviation, yachting, maritime services, space finance** and **sustainable finance** are also playing important roles. This diversity helps us to thrive and promotes cross-sector partnerships and cooperation among companies operating from Malta.

Key Strengths

Located at the centre of the Mediterranean, between Europe and North Africa, Malta is an EU member state and deeply integrated in the world of finance. The country has signed up to all the global standards that have become the norm of international finance today. From Malta, financial services companies can access the EU's massive single market of over 500 million people. In addition, Malta offers an OECD and EU-approved fiscal framework and has a network of some 70 double-taxation treaties, covering most of the world's high-growth markets, facilitating trade and international business.

Moderate operating costs coupled with a well-trained population and a desire to support innovate ideas make us the ideal location for small and medium-sized organisations, regional headquarters, back-office functions and fast-growing fintech firms. Our financial services community is supported by an array of professional service firms, ranging from small practices to global network brands and the Big Four.

As a finance centre, Malta has become internationally recognised as a thought leader. We championed the introduction of cell company structures, which are today an important element in the captive insurance sector. We still have an active appetite for innovation, which will continue to power our growing financial services sector.

Investment Funds & Asset Management - Our Sector at a Glance

EU passporting rights, a variety of fund types and cost-effective platform solutions. These are just some of the reasons asset managers and fund promoters are turning to Malta. Discover the breadth and depth of our constantly evolving investment funds and asset management sector.

A Versatile Range of Fund Products

We offer a wide range of fund products that can be tailored to meet the various needs of global fund initiators. Managers are allowed to run EU-compliant and globally recognised **UCITS schemes**. However, our forte is in alternative asset management. In this space, funds may be licensed as either Alternative Investment Funds (**AIFs**) or as Professional Investor Funds (**PIFs**). AIFs appeal to fund promoters wishing to passport the fund throughout the EU under the Alternative Investment Fund Managers Directive (AIFMD). The PIF licence is the licence of choice for smaller funds (managed by De Minimis EU-based Managers, Managers based outside the EU, or self-managed funds that are "below the threshold"), which benefit from certain exemptions contained in the AIFMD. Our portfolio also includes a manager-led product, the **Notified AIF** or NAIF, which has been designed to speed up time-to-market and can be registered within 10 days.

Innovative Legal Structures

Investment funds can be set up in a number of possible legal forms, including open-ended and closed-ended corporate entities, unit trusts, contractual funds, and limited partnerships. The investment company with variable share capital (**SICAV**) is to date the most widely used legal form, and it can be structured to include master-feeder funds and umbrella funds with segregated sub-funds. Whereas the multi-fund SICAV allows the creation of sub-funds whose assets and liabilities constitute a distinct patrimony from those of

other sub-funds and the SICAV itself, we also introduced Incorporated Cell Companies (**ICCs**) and the Recognised Incorporated Cell Company (**RICC**), which has become the structure of choice for those seeking plug and play solutions. In this structure, the 'core' can provide, in exchange for payment of a platform fee, certain administrative services to its incorporated cells. The RICC is in particular popular among smaller managers and start-up funds.

An Asset Servicing Location

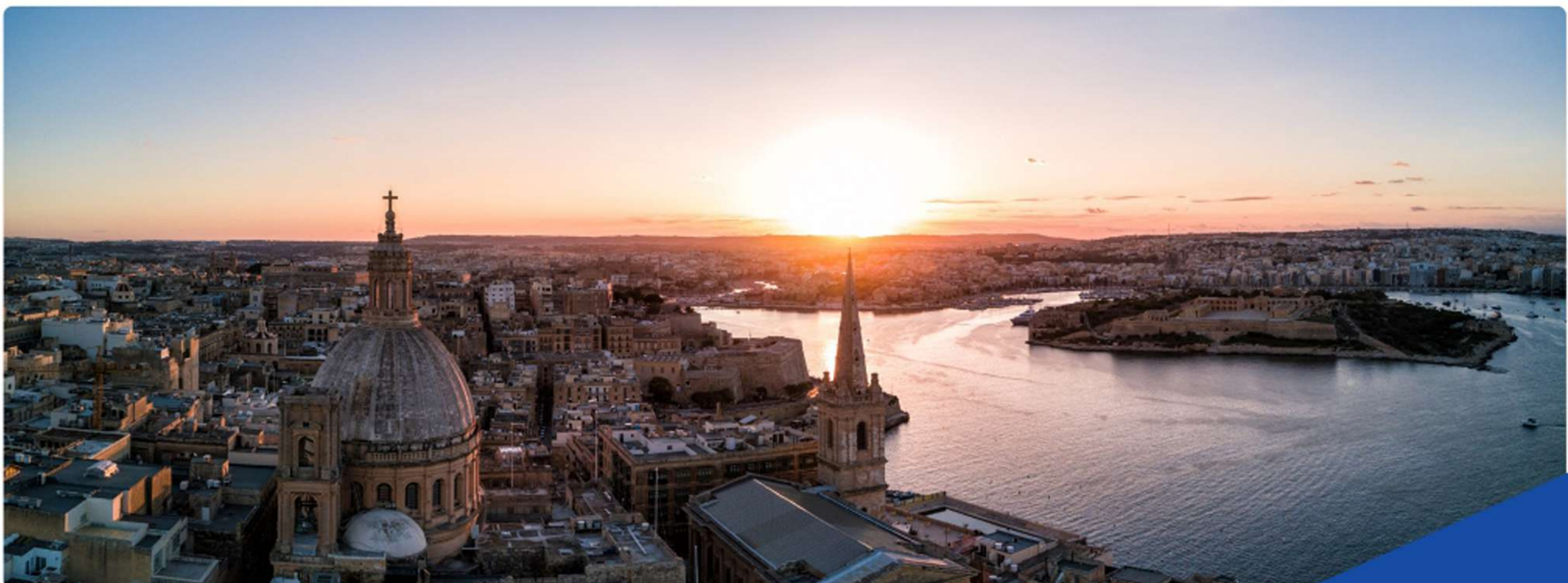
Whether you are a small or large investment fund that wishes to outsource fund administration, compliance, regulatory reporting, or your entire back and middle office, you should consider Malta. Throughout the years, we have developed a wealth of international service expertise. Our asset management and asset servicing clusters have become renowned for their knowledge, commitment and highly cost-competitive offering. Fund managers and fund administrators based in Malta today service funds in many other locations.

EU Asset Management Hub

Asset managers wishing to access both the retail and the institutional marketplace in the European Union can benefit from flexible structures, including Alternative Investment Fund Managers (AIFMs) and UCITS management companies, which allow fund managers to manage and markets funds across the EU. Due to the moderate costs of doing business on the island, we are a particularly attractive location for emerging and start-up managers.

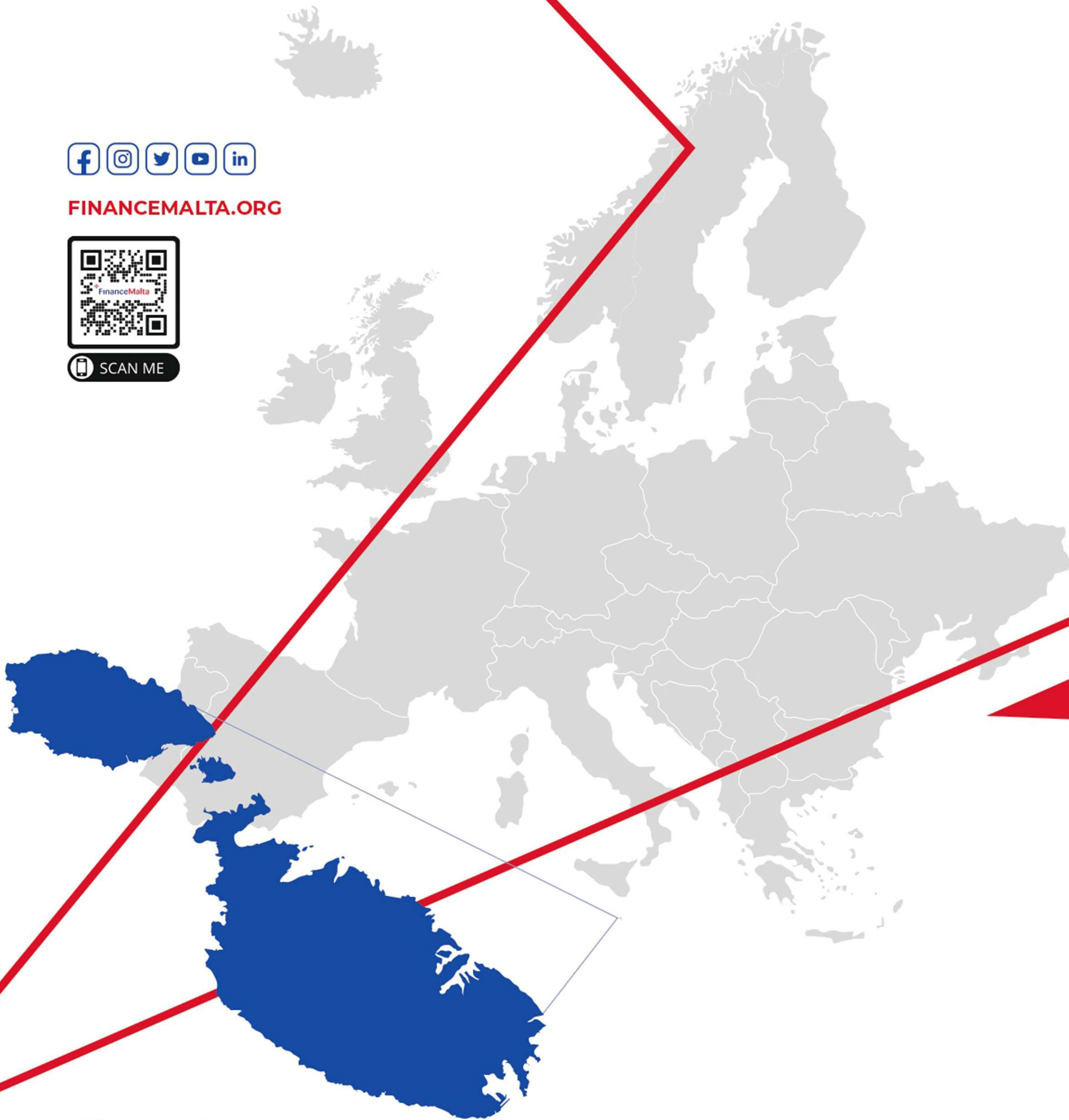
Service Provider Flexibility

Our commitment to flexibility and innovation does not stop at the fund level but extends to the service provider sphere. Funds registered in Malta are not required to appoint a local administrator. This non-protectionist approach gives promoters the flexibility to work with institutions with which they have already established a business relationship. Nevertheless, a high percentage of funds opt to have a Maltese administrator; a clear testament to the high quality of service provided by local administrators. The same applies for custodians providing safe-keeping arrangements to Professional Investor Funds; PIFs do not need to appoint local service providers. In addition, our legislation allows for funds to opt for the self-managed route as an alternative to external third-party management.





FINANCEMALTA.ORG



GET IN TOUCH

There are many things to consider when starting or moving your business to Malta, and we are sure you have got questions. We are here to help you. Contact us for a more personalised introduction to opportunities in Malta's Financial Services Centre.

FinanceMalta, AM Business Centre, Level 1, Triq il-Labour, Zejtun ZTN 2401, Malta
Email: info@financemalta.org | Telephone: **+356 2122 4525**

The content in this brochure is for informational purposes only. The information contained therein should not be construed as providing legal, tax, investment, financial, or other advice. Nothing contained in this brochure constitutes a solicitation, recommendation, endorsement, or offer by FinanceMalta.

Copyright © 2021 FinanceMalta, All rights reserved.