

MALTA FINANCIAL SERVICES AUTHORITY

GLOSSARY OF TERMS

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**“Accounting reference date”:**

Means the year end of the Scheme’s year.

**“Act”:**

Means the Retirement Pensions Act, 2011 (Chapter 514 of the Laws of Malta).

**“Affiliate”:**

With respect to a person (hereinafter "the relevant person") means:

(a) any person who owns directly or indirectly 25% or more of the total combined voting power or 25% or more of the total value of the stock or ownership interests of the relevant person (hereinafter referred to as "an owner");

(b) any person where the relevant person directly or indirectly owns 25% or more of the total combined voting power or 25% or more of the total value of stock or ownership interest of such person (hereinafter referred to as "the sub-person");

(c) any two or more persons where an owner directly or indirectly, in the case of each such person owns 25% or more of the total combined voting power or 25% or more of the total value of the stock or ownership interest of such person (each of such two or more persons, hereinafter referred to as "a sister-person");

(d) any person where a director, or officer of a relevant person, an owner, a sub-person or a sister-person owns 25% or more of the total combined voting power or 25% or more of the value of the stock or ownership interests of such person;

(e) any person that in the opinion of the MFSA

- (i) is under the de facto or effective control of a relevant person; or
- (ii) exercises de facto or effective control of the relevant person;

**“Assets held Under Administration”:**

Means tangible and intangible assets that are held by the Retirement Scheme Administrator on behalf of a Retirement Scheme for the purpose of providing retirement benefits to the Members and Beneficiaries of the said Scheme.

**“Assets Held Under Administration and Custody”:**

Means tangible and intangible assets that are held by the Retirement Scheme Administrator on behalf of a Retirement Scheme, or tangible and intangible assets held by a Retirement Scheme Administrator duly licensed under the Retirement Pensions Act to carry out services on behalf of a Retirement Scheme.

**“Assets Held Under Custody”:**

Means tangible and intangible assets that are held by the Retirement Scheme Administrator on behalf of a Retirement Scheme, or tangible and intangible assets held by a Retirement Scheme Administrator duly licensed under the Retirement Pensions Act to carry out custody services on behalf of a Retirement Scheme.

**“Beneficiary”:**

Means an individual receiving retirement benefits in accordance with the provisions of a Scheme Document.

**“Biometric risks”:**

Means risks linked to death, disability and longevity.

**“Cash lump sum”:**

Means a part payment from the value of a Member’s accumulated asset.

- “Collective Investment instrument as Scheme/s”** Means a Collective Investment Scheme is an investment instrument as defined in article 2 of the Investment Services Act, 1994, and excludes a Retirement Scheme and Retirement Fund.
- “Condition”:** Means a requirement imposed by the MFSA on the Retirement Scheme/Retirement Fund as a condition of its Licence under the Act.
- “Connected person”:** Means
- (a) a person is connected with a Member if that person is:
    - (i) the spouse or civil partner of the Member; or
    - (ii) a relative of the Member; or
    - (iii) a relative of the Member spouse or civil partner; or
    - (iv) the spouse or civil partner of a relative of the Member; or
    - (v) the spouse or civil partner of a relative of the Member’s spouse or civil partner;
  - (b) a person in his capacity as trustee of a settlement is connected with:
    - (i) any person who, in relation to the settlement, is a settlor;
    - (ii) any person who is connected with the persons referred to in paragraph (a) above;
    - (iii) any body corporate which is connected with that settlement;
  - (c) a company is connected with a Member:
    - (i) if that Member has direct or indirect control of the company;
    - (ii) if the Member and, or persons referred to in paragraph (a) above have direct or indirect control of the company;
  - (d) a company is connected with another company:
    - (i) if the Member has direct or indirect control of both companies;
    - (ii) if the Member has direct or indirect control of one and the persons referred to in paragraph (a) above, have direct or indirect control of the other; or

- (iii) if the Member and persons referred to in paragraph (a) above (“a group”) have direct or indirect control of each company and the group either consists of the same persons or could be regarded as consisting of the same persons by relating (in one or more cases) a Member of either group as replaced by a person with whom he is connected.

For the purposes of the definition of “connected person”:

‘relative’ shall mean brother, sister, ancestor (parent, grandparent, great-grandparent and so on) or linear descendant (child, grandchild, great-grandchild and so on);

‘settlement’ shall mean any disposition, trust, covenant, agreement, arrangement or transfer of assets;

‘settlor’ means the person who makes the trust and includes a person who provides trust property or makes a disposition on trust or to a trust;

‘control’ means:

(a) the relationship between a parent undertaking and a subsidiary undertaking, as set out in Article 22(1) of Directive 2013/34 EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC;

(b) and a person will be deemed to be exercising control if:

- (i) in terms of the powers conferred by the Memorandum and Articles of Association or any other document regulating the affairs of the company, such affairs are conducted in accordance with that person’s instructions; or  
(ii) such person is appointed to the company’s Board of Directors.

**“Constitutional Document”:**

Means the document establishing the Retirement Scheme or the Retirement Fund

**“Contributor-Related Investments”:**

Means in the case of a Retirement Scheme:

- (a) Any instrument issued by the Contributor or an Affiliate of the Contributor;
- (b) Immovable property which is occupied or used by, or held under any title whatsoever by the Contributor or an Affiliate of the Contributor;
- (c) Loans to the Contributor or to any an Affiliate of the Contributor.

Means in the case of a Retirement Fund:

- (a) Any instrument issued by the Contributor or an Affiliate of the Contributor to an Investor;
- (b) Immovable property which is occupied or used by, or held under any title whatsoever by the Contributor or an Affiliate of the Contributor to an Investor;
- (c) Loans to the Contributor or to any an Affiliate of the Contributor to an Investor.

**“Custodian”:**

Means the entity holding custody of assets.

**“Defined Benefit Scheme”:**

Has the meaning attributed to a ‘Defined Benefit Retirement Scheme’ in the Act and includes any scheme providing cover against biometrical or investment risks.

**“Durable Medium”:**

Means an instrument which enables a Member or a beneficiary to store information addressed personally to that Member or beneficiary in a way that is accessible for further reference and for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored;

**“Efficient Portfolio Management”:**

Means techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria:

(a) they are economically appropriate in that they are realised in a cost effective way;

(b) they are entered into for one or more of the following specific aims:

(i) reduction of risk;

(ii) reduction of cost;

(iii) generation of additional capital or income for the Scheme with a risk level which is consistent with the risk profile of the Scheme and the risk diversification rules laid down in the Pension Rules for Occupational Retirement Schemes.

**“Fund Particulars”:**

Has the meaning given in Part B.2 of the Pension Rules for Retirement Funds issued in terms of the Retirement Pensions Act, 2011.

**“Independent Qualified Valuer”:**

In relation to Immovable Property (land or buildings), means a person who holds a warrant to practise as a building professional (architect) granted under the Periti Act (Cap.390) and, where the qualified valuer is a person whose country of domicile is a country outside Malta, a person who is duly qualified and authorised in the country of his domicile to practise as a building professional (equivalent to an architect) under the laws of the country of his domicile governing architecture and civil engineering professionals acceptable to the MFSA.

**“Insurance Policy”:**

Means an insurance policy or contract of assurance issued by any person who is the holder of an authorisation –

(a) granted by the MFSA under the Insurance Business Act; or

(b) granted by the authority charged with the duty of supervising the activities of an insurance undertaking in a Member State, other than in Malta in accordance with Article 4 of Directive 2002/83/EC of

the European Parliament and of the Council of 5 November 2002 concerning life assurance.

- “Investor”:** Means a Retirement Scheme or an Overseas Retirement Scheme holding units in a Retirement Fund.
- “Investment Advisor”:** Means an entity providing investment advice in relation to the assets of the Retirement Scheme/Retirement Fund.
- “Investment Manager”:** Means the entity which provides the investment service of managing investments of a Retirement Scheme/Retirement Fund.
- “Investment Restrictions”:** Means the restrictions governing decisions as to how the Retirement Scheme’s assets are to be invested including:
- (a) any limits on the amount of or type of asset which may be held;
  - (b) the balance (if any) to be maintained between different asset classes;
  - (c) any other investment restrictions however described which shall be observed by the Scheme in the investment of its assets.
- “Immovable Property”:** Means freehold or leasehold interest in any land or building.
- “Long term Business”:** Means business of insurance of any of the classes specified in the Second Schedule to the Insurance Business Act (Cap.403).
- “Material Changes”:** Means an event, occurrence, change in conditions or circumstances or other change which results or may cause changes or have an effect or an impact or that could influence;
- (a) the strategy, operations and structure of the Scheme; or
  - (b) decision-making or judgement of the Member; or
  - (c) the Scheme or the Retirement Scheme Administrator from complying with the Act, Regulations and Pension Rules issued thereunder.

Such material changes shall also include any other change which the Retirement Scheme Administrator deems to be material.

**“Member”:**

Means:

For an Occupational Retirement Scheme, means a person, other than a beneficiary or a Prospective Member, whose past or current occupational activities entitle or will entitle him/her to retirement benefits in accordance with the provisions of a Retirement Scheme.

For a Personal Retirement Scheme, means a person, other than a beneficiary or a Prospective Member, whose past or present contributions to a Retirement Scheme, will entitle him/her to retirement benefits in accordance with the provisions of a Retirement Scheme.

**“Multilateral Trading Facility” or “MTF”:**

Means a multilateral trading facility or MTF as defined in point (22) of Directive 2014/65/EU.

**“MFSA”:**

Means the Malta Financial Services Authority.

**“Occupational Retirement Scheme”:**

Means a Retirement Scheme, irrespective of its legal form, operating on a funded basis, established separately from any Sponsoring Undertaking or trade, for the purposes of providing Retirement Benefits in the context of an occupational activity on the basis of an agreement or a contract agreed:

(a) individually or collectively between the employer or employers and the employees or their respective representatives; or

(b) with self-employed persons, individually or collectively, and which carries out activities directly arising therefrom.

**“Organised Trading Facility” or “OTF”:**

Means an organised trading facility or OTF as defined in point (23) of Directive 2014/65/EU.



<b>“Overseas Retirement Scheme”:</b>	Means a Scheme or arrangement, organized under the laws of a country outside of Malta with the principal purpose of providing retirement benefits.
<b>“Pension Rule”:</b>	Has the same meaning as is assigned to it under article 2 of the Act.
<b>“Personal Retirement Scheme”:</b>	Means a Retirement Scheme which is not an occupational retirement scheme and to which contributions are made for the benefit of an individual.
<b>“Prospective Member”:</b>	Means a person who is eligible to join a Retirement Scheme.
<b>“Programmed Withdrawals”:</b>	Means a series of fixed or variable, periodic payments.
<b>“Property Financing Company”:</b>	Means companies involved in providing bridging or other finance arrangements to borrowers engaged in property development and investment.
<b>“Property Management Company”:</b>	Means companies whose business involves providing a range of service primarily for property owners, including: advertising property, checking references of prospective buyers and tenants, arranging for the sale or lease of property, collecting rent (etc...)
<b>“Property Related Assets”:</b>	Means securities issued by Property Management Companies and/or Property Financing Companies and/or Property Development Companies and/or other companies including Collective Investment Schemes, whose main objective is to own or invest in immovable property.
<b>“Prudent Person Principle”:</b>	Means discharging duties with the care, skill, prudence and diligence that a prudent person acting in a like capacity would use in the conduct of an enterprise of like character and aims.

**“Regulated Market”:** Means a regulated market as defined in point (21) of Article 4(1) of Directive 2014/65/EU.

**“Relevant Income”:** Means all gross income received or receivable obtained either from the most recent audited financial statements or, where such statements are not available, from the latest business plan agreed with the authority. Such income includes, but is not limited to, commission or brokerage fees arising from the Investment Manager’s business activities; with the exception of income received or receivable in the form of interest.

**“Retirement Benefit”:** Means benefits paid by reference to reaching, or the expectation of reaching, retirement or, where they are supplementary to those benefits and provided on an ancillary basis, in the form of payments on death, disability, or cessation of employment or in the form of support payments or services in case of sickness, indigence or death.

**“Retirement Date”:** Means:

Where the Retirement Scheme is not a qualifying scheme as defined under the Voluntary Occupational Pension Scheme Rules (S.L. 123.175) or the Personal Pension Scheme Rules (S.L.123.163) published under the Income Tax Act (Cap. 123 of the Laws of Malta), the date between the age of fifty and seventy-five when retirement benefits commence.

Where the Retirement Scheme **is** a qualifying scheme as defined under the Voluntary Occupational Pension Scheme Rules (S.L. 123.175) or the Personal Pension Scheme Rules (S.L.123.163) published under the Income Tax Act (Cap. 123 of the Laws of Malta), the date stipulated in the **said** Rules.

**“Retirement Fund”:** Means an entity licensed under the Act established as a body corporate, for the principal purpose of holding and investing the

contributions made to one or more Retirement Schemes and, or to one or more Overseas Retirement Schemes.

**“Retirement Scheme” or “Scheme”:** Means a Retirement Scheme for the provision of retirement benefits situated in Malta and licensed under the Act as more fully defined in article 3 of the Act.

**“Scheme Administrator” or “Retirement Scheme Administrator”:** Means an entity appointed to perform duties in connection with the overall operation and the ordinary and day-to-day operations of the Scheme in accordance with the Pension Rules applicable to Retirement Scheme Administrators.

**“Scheme Document”:** Means the written instrument evidencing or establishing a Retirement Scheme and which stipulates the retirement benefits and the conditions under which these are granted.

**“Scheme Year”:** Means :

(a) The year specified as such in the Scheme Document or if none a period of 12 months commencing on the date on which the Retirement Scheme is established or on such date as the Retirement Scheme Administrator or Board of Directors (as applicable) may select; or

(b) Such other period if any exceeding 6 months but not exceeding 18 months as is selected by the Retirement Scheme Administrator or Board of Directors (as applicable) in connection with the commencement or termination of the Retirement Scheme or a variation of the date on which the year or period referred to in paragraph (a) of this definition is to commence.

**“Service Provider”:** Means any person acting in the capacity of a Retirement Scheme Administrator, Investment Manager, Custodian, or Back-Office administrator, and may also include an Investment Advisor.

**“SLC”:** Means Standard Licence Condition.

<b>“Social Partners”:</b>	Means representatives of management and labour such as employer’ organisations and trade unions.
<b>“Sponsoring Undertaking”:</b>	Means any undertaking or other body, regardless of whether it includes or consists of one or more legal or natural persons, which acts as an employer or in a self-employed capacity or any combination thereof and which pays contributions into a Scheme.
<b>“Sub-fund”:</b>	<p>Means:</p> <p>In the case of a Retirement Fund, the distinct class or classes of shares constituting that sub-fund in a multi fund company to which are allocated assets and liabilities distinct from other assets and liabilities allocated to other sub-funds in the same company.</p> <p>In the case of a Retirement Scheme established as a trust or in contractual form, the distinct individual segregated accounts to which are allocated assets and liabilities distinct from other assets and liabilities allocated to other individual segregated accounts in the same trust or contract.</p>
<b>“Sufficient retirement income”:</b>	Means the annual national minimum wage, or if not available, the mean or the median income as determined in the country where the Member is resident.
<b>“Tangible Movable Assets”:</b>	Means a tangible movable asset means a physical asset that can be touched and that can be moved from one place to another given that it does not fall under the category of immovable property. These include, but are not limited to art, antiques, classic cars, plant and machinery.
<b>“Technical Funding Requirement”:</b>	Has the same meaning as is assigned to it by the Retirement Pensions (Technical Provisions) Regulations, 2014.
<b>“Umbrella fund”:</b>	Means a Retirement Fund constituted as a multi fund company, where in terms of its memorandum of association, its share capital

is, or is capable of being divided into different classes of shares where one class or a group of classes of shares constitute a distinct Sub-fund of the company.

**“Unit/s”:**

Means:

In the case of a Retirement Scheme, this term includes, shares or any other allocation to a Member in a Retirement Scheme.

In the case of a Retirement Fund, this term includes Units issued by a Retirement Fund to Investors investing in it.

**“Unitholder”:**

Means the holder of a Unit in the Retirement Scheme/Retirement Fund.