

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

Explanatory Note

Interpretation of limits applicable to cross sub-fund investments

Reference is made to the provisions in relation to cross sub-fund investments included in the Investment Services Rules following consultation with the industry.

The Authority has recently been requested to clarify the manner in which the 50% limitation applicable to cross Sub-Fund Investments [SLC 1.42(b) and SLC 1.41(b) of Part BII and Part BIII of the Investment Services Rules for Professional Investor Funds as well as SLC 4.08(b) of Part B of the Investment Services Rules for Alternative Investment Funds] should apply.

The Authority would like to clarify that the 50% limitation on cross-investments by a sub-fund applies for an investment in any one other sub-fund of the same scheme, but not to the collectivity of investments by such sub-fund in all the other sub-funds of the same scheme.

In view of the above, the Authority will in due course be amending the relevant Rulebooks in order to ensure clarity and consistency in the interpretation.

Communications Unit
Malta Financial Services Authority
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