

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

Publication of Revised Investment Services Rules for Investment Services Providers and Investment Services Rules for Collective Investment Schemes

The MFSA is today publishing a revised version of the Investment Services Rules for Investment Services Providers, the Investment Services Rules for Retail Collective Investment Schemes and the Investment Services Rules for Professional Investor Funds (hereinafter referred to as the “Rules”).

The changes to the Rules, as indicated below, have been made to incorporate new provisions on foreign currency lending as required under [MFSA Rule 1 of 2012](#) on foreign currency lending. The Rule is modelled on the Recommendation of the European Systemic Risk Board on lending in foreign currencies (ESRB/2011/1) published as Notice No. 2011/C 342/01 of the Official Journal of the European Union, which was approved by the General Board of the European Systemic Risk Board (ESRB) on 21 September 2011, in accordance with Regulation (EU) No. 1092/2010. MFSA Rule 1 of 2012 applies to investment services providers and collective investment schemes authorised under the Investment Services Act [Cap. 371]. The amendments are the following:

Investment Services Rules for Professional Investor Funds:

Part BI New Section 1.67 Part BII New Section 1.56 Part BIII New Section 1.59	The Scheme shall, in as far as these may be applicable to any foreign currency lending which it may carry out, abide by the high level principles on foreign currency lending as outlined in MFSA Rule 1 of 2012 on foreign currency lending, which is modelled on the Recommendation of the European Systemic Risk Board on lending in foreign currencies (ESRB/2011/1).
Part BI New Section 1.68 Part BII New Section 1.57 Part BIII New Section 1.60	Foreign currency lending means lending in any currency other than the legal tender of the country in which the borrower is domiciled. This includes situations where the Euro is the foreign currency due to the borrower’s domicile being outside the euro zone.
Part BI New Section 1.69	When the Scheme has engaged in any form of

<p>Part BII New Section 1.58 Part BIII New Section 1.61</p>	<p>foreign currency lending during the period under review, it shall submit a confirmation to this effect together with its annual report. Any foreign currency lending activity shall be indicated as a percentage of the scheme's total NAV. A Scheme which has not carried out any foreign currency lending during the period under review is not required to submit a 'nil' return.</p>
<p>Part BI amendment to Section 1.87 Part BII amendment to Section 1.60 Part BIII amendment to Section 1.62</p>	<p>When requested to do so by the MFSA, a Scheme shall also submit, on the following email address: statistics@mfsa.com.mt, any statistical returns which may be required under MFSA Rule 1 of 2012 on foreign currency lending.</p>

Investment Services Rules for Retail Collective Investment Schemes:

<p>Part BI New Section 4.27 Part BII New Section 5.48</p>	<p>The Scheme shall, in as far as these may be applicable to any foreign currency lending which it may carry out, abide by the high level principles on foreign currency lending as outlined in MFSA Rule 1 of 2012 on foreign currency lending which is modelled on the Recommendation of the European Systemic Risk Board on lending in foreign currencies (ESRB/2011/1).</p>
<p>Part BI New Section 4.28 Part BII New Section 5.48</p>	<p>Foreign currency lending means lending in any currency other than the legal tender of the country in which the borrower is domiciled. This includes situations where the Euro is the foreign currency due to the borrower's domicile being outside the euro zone.</p>
<p>Part BI New Section 4.29 Part BII New Section 5.48</p>	<p>When the Scheme has engaged in any form of foreign currency lending during the period under review, it shall submit a confirmation to this effect together with its annual report. Any foreign currency lending activity shall be indicated as a percentage of the scheme's total NAV. A Scheme which has not carried out any foreign currency lending during the period under review is not required to submit a 'nil' return.</p>
<p>Part BI amendment to Section 10.7 Part BII amendment to Section 12.8</p>	<p>When requested to do so by the MFSA, a Scheme shall also submit, on the following email address: statistics@mfsa.com.mt, any statistical returns which may be required under MFSA Rule 1 of 2012 on foreign currency lending.</p>

Investment Services Rules for Investment Services Providers:

Part BI Section 7.52 Part BII Section 5.26	The Licence Holder shall, in as far as these may be applicable to any foreign currency lending which it may carry out, abide by the high level principles on foreign currency lending as outlined in MFSA Rule 1 of 2012 on foreign currency lending which is modelled on the Recommendation of the European Systemic Risk Board on lending in foreign currencies (ESRB/2011/1).
Part BI Section 7.53 Part BII Section 5.27	Foreign currency lending means lending in any currency other than the legal tender of the country in which the borrower is domiciled. This includes situations where the Euro is the foreign currency due to the borrower's domicile being outside the euro zone.
Part BI Section 7.54 Part BII Section 5.28	When the Licence Holder has engaged in any form of foreign currency lending during the period under review, it shall submit a confirmation to this effect together with its Annual Financial Return. Any foreign currency lending activity shall be indicated as a percentage of its total lending. A Licence Holder which has not carried out any foreign currency lending during the period under review is not required to submit a 'nil' return.
Part BI new Section 7.55 Part BII new Section 5.29	When requested to do so by the MFSA, a Licence Holder shall also submit, on the following email address: statistics@mfsa.com.mt , any statistical returns which may be required under MFSA Rule 1 of 2012 on foreign currency lending.

The revised Rules can be downloaded from the Authority's website at www.mfsa.com.mt under the section Legislation and Regulation/Regulation/Securities and Markets.

Contacts

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Communications Unit
Malta Financial Services Authority
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