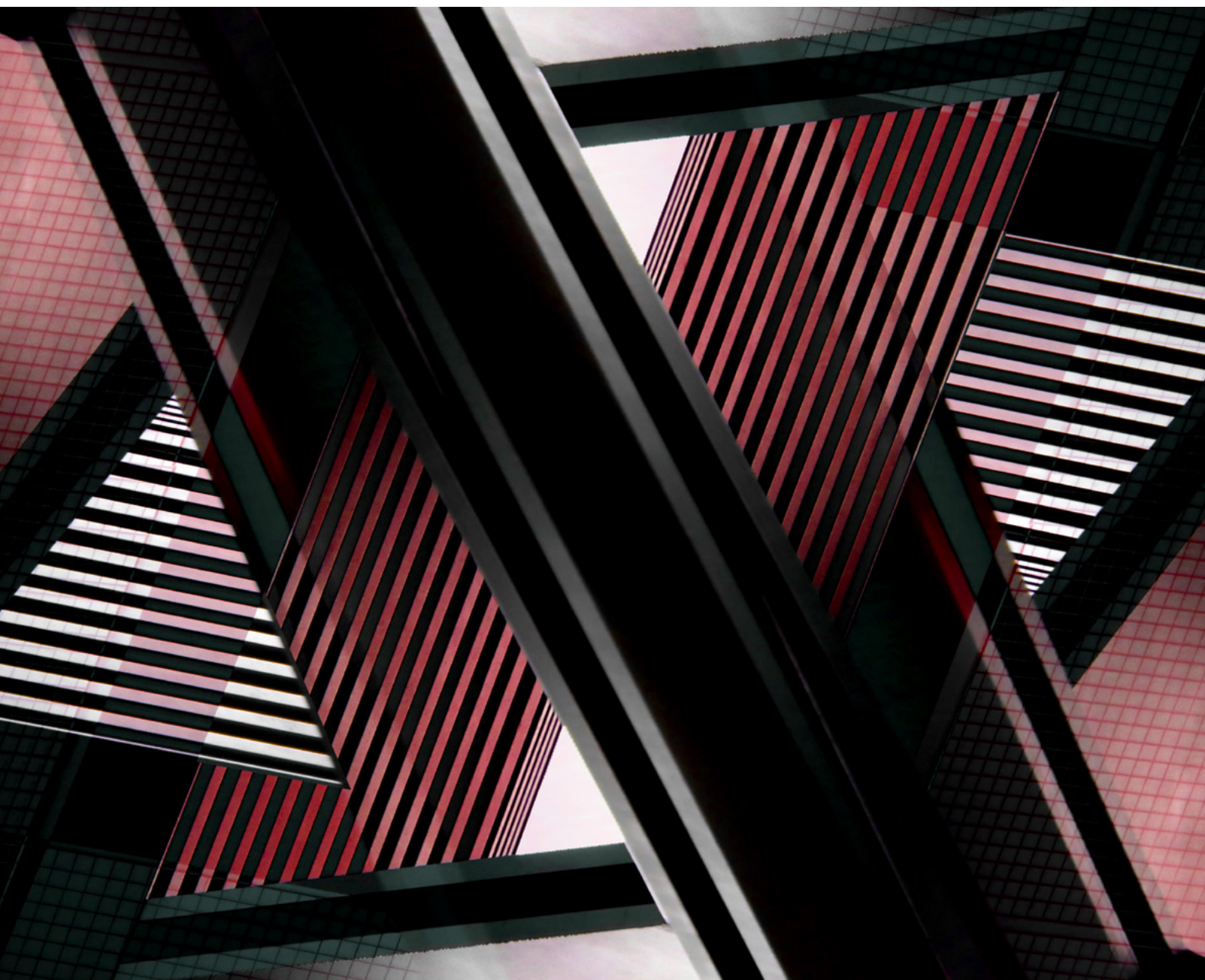


Newsletter



MFSA

MALTA FINANCIAL SERVICES AUTHORITY



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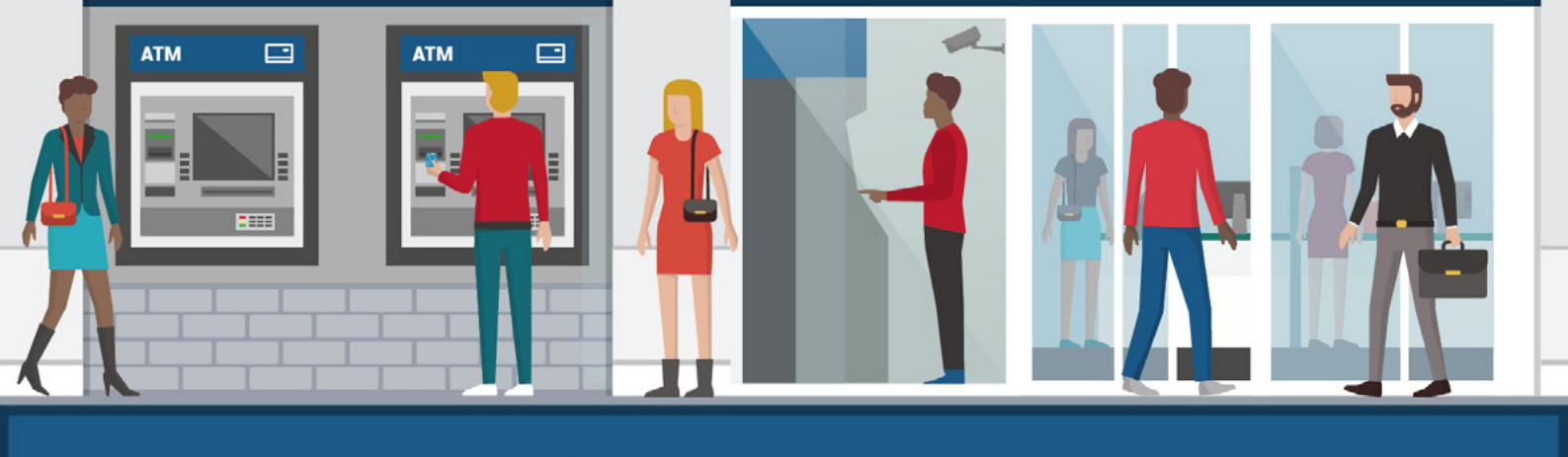
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MFSA launches Campaign on Payment Account with Basic Features

The payment account with basic features is a basic bank account for personal usage offering a set of basic banking products and services, free of charge or for a reasonable cost to all individuals.

This account was created in order to:

- Eliminate financial exclusion experienced at EU level, including those EU citizens that would like to have an account and were refused, for example, due to their financial situation, or that did not open it because they consider it too complex or expensive;
- Give consumers the right to have access to basic account services, independently of their financial situation or place of residence. However, a person should always comply with EU anti-money laundering requirements;
- Raise awareness among EU citizens on payment accounts and payment service providers. In this regard, information shall be given to the public about the availability of basic payment accounts, their main characteristics and how to obtain such an account.

It allows a consumer to make all the operations required for the opening, operating and closing of the account,

to have an international debit card, to make cash withdrawals at the counters of the bank or at ATMs in Malta and other EU Member States, to effect payments including online payments, to effect credit transfers including standing orders and to execute direct debits within the EU. It shall be offered at least in Euro, but credit institutions may also offer it in the currency of any other Member State.

Any individual legally residing in Malta or another Member State can apply for this account, even if he or she does not have a fixed address, is a refugee, a stateless person or asylum seeker, or were not granted a residence permit but whose repatriation is not possible for legal or factual reasons. However, any consumer applying to such an account will always be subject to the banks due diligence checks and may be required to show genuine interest in doing so.

Moreover, an institution has the right to refuse to open this account if a consumer already holds an account in Malta with, at least, the same features of a payment account with basic features. However, if the consumer confirms that the other account will be closed the bank will be required to open such an account for that consumer.

In Malta this account must be provided by credit institutions with a branch network of 5 or more branches in Malta and which already provide the services included in the account. These institutions are APS Bank Limited, Bank of Valletta plc, BNF Bank plc, HSBC Bank Malta plc and Lombard Bank Malta plc. Credit institutions with less than 5 branches may also offer this account, but are not obliged to do so.

In line with its obligations to raise awareness among the public about the availability of payment accounts with basic features, the Malta Financial Services Authority ('MFSA') has prepared a leaflet on this account and has requested the banks concerned to provide it in all their branches. The MFSA has also launched an educational campaign on the features of this account.

Any queries regarding the above should be addressed to the MFSA's Conduct Supervisory Unit on finpro@mfsa.com.mt.

Publication of the list of the most representative services linked to payment accounts

Legal Notice 411 of 2016 (**'the Legal Notice'**) implemented the Payment Accounts Directive (**'PAD'**), introducing standardised disclosure requirements to ensure higher transparency and comparability of the fees charged by payment services providers with respect to their payment accounts. In terms of the Legal Notice, information on the fees related with payment accounts must be in line with the standardised terminology for the most representative services in Malta. In 2015, the Malta Financial Services Authority (**'MFSA'**) had submitted a provisional list of the most representative services linked to a payment account in Malta to the EBA as part of an exercise which the EBA had carried out with a view to establish common terminology in this regard. After the publication of the EBA's final list, the MFSA was required to publish the final list of the most representative services in Malta. This implied that the list submitted in 2015 had to be revisited to ensure that it features the relevant EU standardised terms and definitions.

In the light of the above, on 14 November 2018, the MFSA published the final list (**'the list'**) of the most representative services linked to payment account in Malta. This can be accessed through the following [link](#). The list features 18 of the most representative services and contains the terms and definitions for each of these services in both English and Maltese. The list represents the services that are most commonly used by consumers in relation to their payment account whilst also having regard to the services that generate the highest cost for consumers, both overall as per unit.

The standardised terminology set out in the list shall going forward be used by payment service providers in their tariffs of charges, in all the fee information documents and all the statement of fees (also requirements from the PAD), and in any contractual, commercial or marketing information to be provided to the consumer. Moreover, as required in terms of the PAD payment service providers shall make available to consumers a glossary of, at least, the standardised terms and definitions set out in the list.

Any queries regarding the above should be addressed to the MFSA's Conduct Supervisory Unit on finpro@mfsa.com.mt.

MFSA hosts the 34th Network Meeting of Methodology and Standards Development Division (MSD) of the ECB's Single Supervisory Mechanism (SSM)

On Tuesday 23rd and Wednesday 24th October, the MFSA hosted the 34th MSD Network Meeting. MSD is a cross-sectional function within the Directorate General Micro-prudential Supervision IV (DGMSIV) within the SSM of the European Central Bank (ECB).

The Methodology and Standards Development Division continuously develops and updates supervisory methodologies and standards, and by supporting Joint Supervisory Teams (JSTs), national competent authorities (NCAs) as well as other horizontal functions in the adoption of such methodologies and standards, it ensures their harmonised application within the Single Supervisory Mechanism (SSM).

In addition, the Division maximises synergies and avoids overlaps through cooperation with the European Banking Authority and other international standard-setters such as the Basel Committee on Banking Supervision and its technical working groups. The MSD Network is convened six times throughout the year holding network meetings involving delegates representing all euro area countries (SSM).

The Malta meeting was held at the Grand Hotel Excelsior, Floriana and was attended by 35 delegates. A number of papers, methodologies and processes were discussed during the meeting, ranging from the ECB Recommendation on dividend distribution policies and draft

letters to be communicated, IT Supervisory Review and Evaluation Process (SREP) lessons learnt, proposed SSM Manual updates, Liquidity Drafting Team work on Pillar 2 measures, to SREP decisions outcomes and a comprehensive calibration proposal in relation to the different SREP elements.



Photo:
Participants at the 34th Network Meeting of Methodology and Standards Development Division (MSD) of the ECB's Single Supervisory Mechanism



MFSA addresses Credit institutions on the distribution of dividends

The MFSA has issued a Circular to the banking industry to provide guidance on the distribution of dividends.

In assessing the distribution of dividends by a bank, the Authority is guided by the recommendation of the European Central Bank (ECB) of 28 December 2017 on Dividend Distribution Policies (ECB/2017/44) (the 'ECB Recommendation').

As per the ECB Recommendation, credit institutions are required to satisfy at all times:

- the applicable minimum capital requirements ('Pillar 1 requirements'); and
- the Supervisory Review and Evaluation Process (SREP) Pillar 2 capital requirements which are over and above the Pillar 1 requirements as determined in the SREP Decision, when applicable;
- the 'combined buffer requirement' as defined in paragraph 5(iv) of Banking Rule BR/15 on the capital buffers of credit institutions, and
- the 'fully loaded' Common Equity Tier 1 capital ratio, the Tier 1 capital ratio and the total capital ratio by the applicable full phase-in date.

The ECB Recommendation states, inter alia, that credit institutions in breach of the requirements referred to in points (a), (b) or (c) should in principle not distribute dividend. In view of the above, banks should inform the Authority in writing of their intention to distribute dividends, providing the resolution of the board of directors, an extract of the minutes of the board of directors' meeting, and the board of directors' decision on the determination of the category (as per paragraph 2 of Part I of the ECB Recommendation) that the bank would fall into after the distribution of the dividend. In cases where the bank intends to distribute unaudited profits, a review of the financial statements is to be carried out by the external auditors of the bank.

Any queries regarding the above should be addressed to the MFSA's Conduct Supervisory Unit on BSUPolicy@mfsa.com.mt.



A+ rating with stable outlook for Malta

Scope Ratings GmbH has assigned a first-time A+ rating with a stable outlook. According to the credit rating agency, Malta's A+ rating reflects the country's euro area membership, high economic growth, prudent fiscal management and strong external position. The rating is challenged by contingent liabilities, unfavourable demographics, external vulnerabilities, and regulatory shortcomings of the financial sector.

Malta has shown strong growth rates during the recent decade with an average expansion of 4.3% since 2007, outperforming the EU average behind only Ireland. The main drivers of Malta's growing economy are high service exports (tourism, transport and gaming), and robust private consumption.

For 2018 and 2019, Scope anticipates annual growth to reach 5.4% and 5% respectively on the back of record-low unemployment of 4%, strong employment growth due to migration and recovering investment, especially on the housing market. Growth is expected to continue to be driven by private consumption and higher investment, whereas the external sector provides less support compared to previous years.

The A+ rating is further underpinned by Malta's strengthened fiscal framework, together with a combination of faster fiscal consolidation, low interest payments and stronger GDP growth. The government has achieved consistent fiscal surpluses, supported by a broadening tax base, reflecting better monitoring compliance and increasing female labour participation.

MFSA Circulars

01/11/2018	<u>Circular: The Virtual Financial Assets Act comes into force</u>
01/11/2018	<u>Circular to Licence Holders and Applicants who are being proposed to hold a position which requires the MFSA's prior approval</u>
07/11/2018	<u>Circular addressed to investment firms on the regulatory requirements in the context of best execution</u>
09/11/2018	<u>Circular: ESMA Q&As on Product Intervention Measures</u>
13/11/2018	<u>Circular on the revised Part BI of the Investment Services Rules for Investment Services Providers</u>
13/11/2018	<u>Market Abuse Regulation – Q&A Document</u>
14/11/2018	<u>Circular to Credit Institutions including branches on the revised Draft ITS on Supervisory Reporting</u>
27/11/2018	<u>Circular to Credit Institutions on the distribution of dividends</u>

MFSA News

02/11/2018	<u>EBA stress test shows euro area banks are more resilient to financial shocks</u>
07/11/2018	<u>ESMA appoints new Chairs to four Standing Committees</u>
15/11/2018	<u>EIOPA assesses supervisory practices and application of key functions through peer review</u>
26/11/2018	<u>Circular: VFA Agents Approved Courses</u>

MFSA Media Releases

01/11/2018

[The Virtual Financial Assets Act comes into force](#)

02/11/2018

[Q&A concerning Satabank – 2nd November 2018](#)

05/11/2018

[Public Notice regarding Pilatus Bank](#)

22/11/2018

[Public Notice: Update on Satabank – Releasing of Personal Deposits](#)

23/11/2018

[Public Notice: Update on Satabank – Corporate Hardship Fund](#)

MFSA Consultations and Feedback Statements

14/11/2018

[Feedback Statement – List of the Most Representative Services Linked to a Payment Account](#)

16/11/2018

[Consultation on amendments to the Pension Rules for Personal Retirement Schemes issued under the Retirement Pensions Act](#)

MFSA Warnings

01/11/2018

[MFSA Warning - Maltese Scudo - https://maltesescudo.com/](https://maltesescudo.com/)

MFSA Licences – November 2018

New Licences

Collective Investment Schemes

Professional Investor Fund targeting Qualifying Investors

Collective Investment Scheme licence issued to **Anchor Fund SICAV plc** (“the Scheme”) in respect of one sub-fund.

Collective Investment Scheme licence issued to **Himalaya SICAV plc** (“the Scheme”) in respect of one sub-fund.

Alternative investment Fund

Collective Investment Scheme licence issued to **ECDP Investment SICAV plc** (“the Scheme”) in respect of one sub-fund.

Company Service Providers

Registration certificate issued to **Robus Risk Services (Malta) Ltd.**

Trusts and Trustees

Papilio Holdings Limited (C88201) - to receive property under trusts and to act as a trustee or co-trustee and to provide other fiduciary services including acting as administrator of private foundations in terms of Article 43 of the Trusts and Trustees Act.

Investment Services

Category 2 licence issued to **DIAMAN Partners Ltd.**

Category 2 licence issued to **PeakBridge Partners Limited.**

Surrender of Licences

Investment Services

Surrender of Category 3 issued to **Domino Europe Limited** (“the Company”).

Surrender of Category 1 issued to **Conseils en Finances Limited** (“the Company”).

Collective Investment Schemes

Professional Investor Funds

Surrender of licence issued to **TGA Funds SICAV plc** in respect of one sub-fund.

Surrender of licence issued to **Dalma Capital SICAV plc** (“the Scheme”) in respect of one sub-fund.

Surrender of licence issued to **GlobalCapital Funds SICAV plc** in respect of one sub-fund.

Alternative Investor Funds

Surrender of licence issued to **Comino II Umbrella Fund SICAV plc** (“the Scheme”).

Company Service Providers

Cancellation of registration issued to **STM Malta Management Limited** (“the Company”), **STM Malta Corporate Limited** (“the Company”) & **STM Malta Services Limited** (“the Company”).

Cancellation of registration issued to **Omega Services Limited** (“the Company”).

Recognised Fund Administrators

Surrender of licence issued to **Equinox AIS Malta Limited** (“the Company”).

Extended and Revised Licences

Collective Investment Scheme

Alternative Investment Funds

•Revision of licence issued to **Core Strategy SICAV plc** (“The Scheme”) in relation to one sub-fund so as to reflect the conversion of the Scheme and it’s Sub-Fund from a Professional Investor Fund to an Alternative Investment Fund.

Revision of licence issued to **Paragon SICAV plc** (“The Scheme”) in relation to

two sub-funds so as to reflect the change in name of the Apollo Fund to Fist Mover Fund and the conversion of the Scheme and it’s Sub-Funds from a Professional Investor Fund to an Alternative Investment Fund.

Revision of licence issued to **Jacaranda Special Situations SICAV plc** (“The Scheme”) in relation to three sub-funds so as to reflect the conversion of the Scheme and it’s Sub-Funds from a Professional Investor Fund to an Alternative Investment Fund.

Revision of licence issued **Alpha Value Fund SICAV plc** (“The Scheme”) in relation to one sub-fund so as to reflect the conversion of the Scheme and it’s Sub-Fund from a Professional Investor Fund to an Alternative Investment Fund.

Investment Services

Revision of licence issued to **Altarius Asset Management Limited** (“the Company”) so as to act as an Alternative Investment Fund Manager in terms of the AIFM Directive.

Insurance

Extension of authorisation issued to **Bavaria Reinsurance Malta Limited** to carry on business of reinsurance in six classes of the direct business.



MFSA

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