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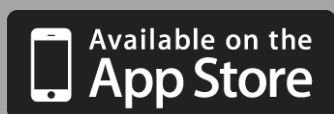
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## OECD highlights quality of Maltese tax framework

Malta is in full conformity with the requirements related to international transparency standards and exchange of information for tax purposes.



This was the main conclusion of a peer review report drawn up by OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes. The Global Forum analyses how countries are faring with the international standards that fall under its remit. Such conclusion further attests to Malta's reputation as a strong, law-abiding jurisdiction.

In its Report, the OECD commented that the Maltese authorities have broad access to information for exchange of information purposes pursuant to income tax laws, including bank and accounting information, stressing that "adequate rights and safeguards are in place to guarantee an effective exchange of information".

The report welcomes the fact that Malta is committed to the international standards of transparency and effective exchange information, having a broad network of EOI instruments with 82 jurisdictions, covering all relevant partners. It further highlights that such agreements protect the confidentiality of the information received and provide for appropriate rights and safeguards.

Eventually, these reviews will feed into the ratings assigned to 50 jurisdictions, backing G20 and Global Forum efforts to strengthen tax cooperation and strengthen the fight against cross-border tax evasion.

The report has noted that in the previous years, particularly since 2009, Malta has improved its efficiency when it comes to dealing with requests for exchange of information (EOI) on tax. The OECD reported in the second phase of its Global Forum review that in the three years between June 2009 and June 2012, Malta received and responded to 81 requests from 22 partners. In a third of these queries, Malta replied within 90 days, while around half of the cases were covered within half a year.

Malta's positive feedback is also attested by its partners, particularly with regards to Malta's "clear and coherent communication during the course of a request as well as the quality of its cooperation and speed response times".

The full report is available here: <http://www.eoi-tax.org/jurisdictions/MT#peerreview>

## Recent Developments in the field of Tax Agreements

Since 1 January 2012 a number of developments have taken place with regard to double taxation agreements (DTAs) and Tax Information Exchange Agreements (TIEAs). A total of 64 double taxation agreements are currently in force.

The DTAs with Guernsey, Mexico and Saudi Arabia and the Protocol amending the DTA with South Africa were concluded and signed. Besides, new DTAs to replace the existing ones with India, Norway and Russia were also concluded and signed. The old DTA with Russia which was signed in 2000 had not yet entered into force.

The DTAs with Armenia, Azerbaijan, Liechtenstein, Moldova and a Protocol amending the DTA with Barbados were negotiated and concluded at the technical level. Following their entry into force, the DTAs with Bahrain, Guernsey, Norway (new DTA), Hong Kong, Saudi Arabia, Switzerland, Turkey, Uruguay and the Protocol amending the DTA and were published through Legal Notices.

The DTAs with Russia and Mexico were also published through legal notices but they have not yet entered into force. The Protocols amending the DTAs with Luxembourg and Singapore have also entered into force. With regard to TIEAs, one has been concluded and signed with Macao and another one was negotiated and agreed at the technical level with the Cayman Islands. The TIEAs with The Bahamas, Bermuda and Gibraltar entered into force and were published through Legal Notices.

On 26 October 2012, Malta also signed the Joint UN/OECD Convention on Mutual Administrative Assistance in Tax Matters as amended by a Protocol amending the said Convention. The Convention has been published through a Legal Notice and will enter into force in Malta on 1 September 2013.

A full list of tax treaties can be found on the [MFSa website](#).

*Source: International Tax Unit*

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## Capital Markets - Why Malta?



### Introduction

Malta has been developing rapidly as a finance centre since becoming a Member State of the European Union in 2004 adopting the Euro as the currency in 2008. Malta has gained a reputation for a robust regime (without being unduly prescriptive) with a highly approachable regulatory authority. It has been internationally recognised that the Maltese regulations provide a secure and stable framework for prudential supervision, consumer protection, market surveillance and prevention of money laundering. Staff at MFSa have gained considerable experience through training with other regulators and financial institutions in the UK, Europe and the US. Regulators from BaFIN, the former FSA and the SEC visit Malta on a regular basis to carry out training of staff.

The Malta Financial Services Authority ("MFSa"), an autonomous self-funded public institution, is the single regulator for financial services. The MFSa is also the Listing Authority and approves admissibility to listing on Recognised Investment Exchanges. Malta has continuously topped the scoreboard of Member States since for the timely implementation of internal market rules

for financial services in particular, the Prospectus Directive. The MFSA has signed a considerable number of MoUs with various non-EU jurisdictions and is also a signatory to the IOSCO and the IAIS multilateral MoUs.

“ a robust regime with a highly approachable regulatory authority ”

### Why Malta for Capital Markets?

Malta as an emerging financial services location has proved to be successful in the various financial services sectors and is now committed to developing capital markets. Malta is ideally placed for this development. The World Economic Forum Competitiveness Report [2012-2013] places Malta: 15th for Financial Market Development; 12th for the Regulation of Stock Exchanges; and 13th for the Soundness of the Banks out of a total of 144 countries.

Malta has all the necessary infrastructure in place for the continued expansion of the finance centre.

- Flexible regulatory regime: The Maltese regulatory framework is both robust and adaptable, allowing promoters to innovate and to develop new products to meet the changing investor needs. This flexible, proactive, transparent and regular contact with the regulator is very much appreciated by the industry.
- Well trained professionals: Maltese accountants are trained under IFRS, which Malta adopted in 1998 well before other Member States. The Report places Malta 15th regarding the strength of auditing and reporting standards. The Maltese legal profession is a long established profession and most professionals have had further training at major institutions overseas particularly in the UK.

Maltese professionals have considerable international experience on structured finance working closely overseas firms particularly from the City of London and the US.

Malta has a very competitive tax regime based on the imputation system of taxation whereby companies pay corporate tax at 35%. This tax is regarded as a prepayment for the tax due by the shareholder upon the eventual distribution of profits. Consequently on declaration of dividend the shareholders receive a refund of 6/7 of the corporate tax paid by the company. This means that the effective rate of tax in Malta is 5% and it is the lowest in the EU.

“ Malta has a very competitive tax regime ”

This system of taxation is Malta’s general system of taxation for all trading companies. It has been approved by the EU in 2007 under State Aid and Code of Conduct. Malta was one of a group of jurisdictions that benefited from being placed immediately (following the G20 meeting) on the OECD's 'white list' of countries and territories that had both embraced and substantially implemented the tax standards. Securitisation vehicles are tax neutral and non-resident investors in listed securities are not subject to withholding tax on dividends and capital gains.

Malta has a worldwide network of over 65 tax treaties (with all EU and most OECD member states) which is continuously expanding. New treaties are being negotiated particularly with various Latin American countries.

Malta has redomiciliation legislation applicable to all types of companies, including securitisation vehicles under the Continuation of Companies Regulations. Redomiciliation of companies has taken place from both onshore and offshore jurisdictions.

### The Securitisation Vehicle

The Securitisation Act provides a legal framework for domestic and cross-border securitisations to take place in and from Malta. It provides a comprehensive framework for the conversion of receivables or other assets into securities that can be placed and traded in capital markets. Securitisation vehicles can be setup for:

- a. Sale transactions: whereby the originator transfers a pool of assets to the securitisation vehicle;
- b. Synthetic transactions: whereby the securitisation vehicle assumes the credit risk of the originator through credit derivatives and
- c. Loan transactions: whereby the securitisation vehicle grants secured loans or other secured facilities to the originator.

The flexibility of the securitisation regime allows for an extensive range of assets including future receivables which may be securitised through a Maltese vehicle. Besides the traditional forms of structured finance Malta intends to develop a niche area in securitisation vehicles in insurance; life settlement policies; raising of finance for intellectual property based structures and environment and transportation projects.

“ a worldwide network  
of over 65 tax treaties ”

A securitisation vehicle enjoys tax neutral status thereby optimising the investors' return and the originator's cost of funding. Although, as a rule, securitisation vehicles are liable to tax in Malta at 35%, substantial deductions are available which effectively eliminate any taxable income in Malta. Specifically enacted tax rules clarify the deductions available for securitisation vehicle.

## The European Wholesale Capital Markets

Malta has through the MFSa created a “one stop shop” for the development of the financial services sector and now intends to do the same for the capital markets. Besides the possibility of setting up an efficient securitisation vehicle, Malta is now offering the possibility for the listing of wholesale securities issued by the securities vehicles.

A new regulated market the European Wholesale Securities Market [EWSM], jointly owned by the Irish Stock Exchange and the Malta Stock Exchange, for wholesale fixed income securities was setup, registered and domiciled in Malta in 2012. The EWSM is approved as an EU regulated market under MiFID and is a “Recognised Stock Exchange” within the meaning of the UK Income Tax Act, 2007.

The regulatory requirements are available in the Guidelines for Listing and Trading on the EWSM [www.ewsm.eu]. The MFSa as Listing Authority approves prospectuses for securities to be admitted to the EWSM under the Prospectus Directive as well as the on going requirements of issuers under the Transparency Directive. The MFSa adopts a pragmatic market oriented proactive approach to prospectus review and approval including guaranteed review times of three business days for initial submission and two business days for subsequent drafts of prospectuses.

The Guidelines provide for the appointment of a Listing Agent for the admission process. The Listing Agent ensures smooth and timely interaction between issuers and arrangers and the MFSa and EWSM on regulatory requirements.

The Listing Agent is approved by the Listing Authority and may be a body corporate, partnership or firm incorporated or established in the EEA and be independent of any Issuer, or related service provider, to which it provides listing agent services.

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## Industry Updates

### ESMA Opinion on the practical arrangements for the late transposition of the AIFMD

On 1st August 2013, the European Securities and Markets Authority published its opinion on arrangements for the late transposition of the AIFMD.

### Arrangements before implementation of the Directive in all Member States

*Notification of marketing of EU AIFs when the host Member State (MS) of the AIFM has not transposed the Directive (Articles 31 and 32 of the Directive)*

ESMA believes that, if the Directive has been transposed in the home MS of the AIFM, the competent authority of the host MS of the AIFM (Article 32) or home MS of the AIFM (Article 31), may not refuse a valid notification under the Directive on the ground that the Directive has not yet been transposed in the host MS. This applies irrespective of whether the marketing is done using the freedom to provide services or by means of a branch.

*Management passport (Article 33 of the Directive)*

ESMA believes that AIFMs established in a MS that has transposed the Directive should be able to manage an EU AIF via the management passport, both using the freedom to provide services or by means of a branch, in a MS where the Directive has not been transposed. This applies irrespective of the provisions currently in place in the jurisdiction which has not transposed the Directive, since the relevant provisions of the Directive are of a self-executing nature, and provided the AIFM is authorised to manage that type of AIF in accordance with Article 33(1) of the AIFMD. Any local restrictions on AIFMs that are not in accordance with the AIFMD will need to be disapplied.

More information about ESMA's Opinion can be viewed through the following link: <http://bit.ly/18OXyJD>

On 13 August 2013 the European Securities and Markets Authority (ESMA) published the final texts of the Guidelines on key concepts of the AIFMD. The Guidelines seek to ensure a common understanding of concepts such as the definition of AIF in Article 4 of the AIFMD. The guidelines can be accessed through the following link: <http://bit.ly/18s68ny>

Should you have any queries regarding the AIFMD, please do not hesitate to contact: Mr Christopher Buttigieg, Deputy Director, Securities and Markets Supervision Unit (cbuttigieg@mfsa.com.mt); or Mr Jonathan Sammut, Securities and Markets Supervision Unit (jsammut@mfsa.com.mt); Dr Isabelle Agius, Regulatory Development Unit (iagius@mfsa.com.mt) or Ms Clare Farrugia, Authorisation Unit (cfarrugia@mfsa.com.mt).

## European Supervisory Authorities Press Releases issued during July 2013

### European Banking Authority (EBA)



- 01 August 2013 - [EBA consults on draft Guidelines on retail deposits subject to different outflows for the purpose of liquidity reporting](#)
- 02 August 2013 - [EBA launches discussion on possible treatments of unrealised gains measured at fair value](#)
- 02 August 2013 - [EBA publishes new answers to questions on the Single Rulebook](#)
- 05 August 2013 - [EBA publishes second interim report on the consistency of risk-weighted assets in the banking book of EU banks](#)
- 20 August 2013 - [EBA publishes new answers to questions on the Single Rulebook](#)
- 27 August 2013 - [EBA publishes new answers to questions on the Single Rulebook](#)

### European Securities and Markets Authority (ESMA)



- 01 August 2013 - [News - ESMA issues Opinion on practical arrangements for the late transposition of the AIFMD](#)
- 05 August 2013 - [Updated EMIR Q&A](#)
- 08 August 2013 - [ESMA proposes delay to reporting date for Exchange Traded Derivatives](#)
- 20 August 2013 - [ESMA publishes opinion on draft Regulatory Technical Standards on types of AIFMs](#)

## MFSA Licences - July 2013

### LICENCES ISSUED

#### Collective Investment Schemes

##### *Professional Investor Funds targeting Qualifying Investors*

- Collective Investment Scheme licence issued to **Cembra Brazil Fund SICAV plc**.
- Collective Investment Scheme licence issued to **Cembra India Fund SICAV plc**.
- Collective Investment Scheme licence issued to **Cembra Gold Fund SICAV plc**.
- Collective Investment Scheme licence issued to **Cembra East Fund SICAV plc**.
- Collective Investment Scheme licence issued to **Cembra High Yield Fund SICAV plc**.
- Collective Investment Scheme licence issued to **Greater China Value Partners Fund SICAV plc**.
- Collective Investment Scheme licences issued to **MCM Global Opportunities Fund SICAV plc** in respect of three sub-funds.
- Collective Investment Scheme licence issued to **Metatron Capital SICAV plc** in respect of one sub-fund.
- Collective Investment Scheme licence issued to **Polaris Finance SICAV plc** in respect of one sub-fund.
- Collective Investment Scheme licences issued to **Prestige SICAV plc** in respect of two sub-funds.
- Collective Investment Scheme licence issued to **Resco Funds SICAV plc** in respect of one sub-fund.
- Collective Investment Scheme licences issued to **Spinoza Capital SICAV plc** in respect of two sub-funds.
- Collective Investment Scheme licence issued to **Sunshine Fund (Malta) SICAV Limited** in respect of one sub-fund.
- Collective Investment Scheme licence issued to **Taliti Funds SICAV plc** in respect of one sub-fund.
- Collective Investment Scheme licence issued to **Trips SICAV plc** in respect of one sub-fund.
- Collective Investment Scheme licence issued to **Tourist Investment Fund SICAV plc** in respect of one sub-fund.

#### UCITS

- Collective Investment Scheme licence issued to **Finex Navigator UCITS SICAV plc** in respect of one sub-fund.
- Collective Investment Scheme licence issued to **Libero International SICAV plc** in respect of one sub-fund.

#### Incorporated Cells

- Collective Investment Scheme licence issued to **Escalade Fund IC SICAV plc**.

#### Investment Services

- Category 2 licence issued to **Multi Partners Financial Services Limited**.
- Category 2 licence issued to **Port FX Limited**.

**Trustees**

- Authorisation issued to **IMS Limited** to act as a trustee and to provide other fiduciary services including acting as an administrator of private foundations.

**SURRENDERED LICENCES****Collective Investment Schemes***Professional Investor Funds targeting Qualifying Investors*

- Surrender of licence issued to **World Dynamic Fund SICAV plc** in respect of one sub-fund.
- Surrender of licence issued to **Novium Opportunity Umbrella SICAV plc** in respect of one sub-fund.
- Surrender of licence issued to **Century Leader SICAV plc**.
- Surrender of licences issued to **NBCG Fund SICAV plc** in respect of 13 sub-funds.
- Surrender of licences issued to **Innocap Fund SICAV plc** in respect of five sub-funds.

*Professional Investor Funds targeting Experienced and Qualifying Investors*

- Cancellation of licence issued to **Norvik (Malta) SICAV plc**.

*Professional Investor Funds targeting Extraordinary Investors*

- Surrender of licence issued to **SC Malta SICAV plc**.

*Foreign*

- Surrender of licence issued to **Brewin Dolphin Portfolios Limited** in respect to one sub-fund.

**Investment Services**

- Surrender of Category 2 licence issued to **BlueGold Investments Limited**.
- Surrender of Category 2 licence issued to **Financial + Investment Services Limited**.

**EXTENDED LICENCES****Investment Services**

- Extension of licence issued to **NBG Bank Malta Limited** to include Collective Investment Schemes as target clients and transferable Securities and Money Market Instruments as additional investment instruments.
- Revision of licence issued to **Altarius Asset Management Limited** to remove the service of Management to Retail Clients.

**Registry of Companies - New Registrations - July 2013**

Companies	Partnerships	Total
378	4	382



## MFSA Announcements



### MFSA Circulars

**05/08/2013** - [Circular addressed to the financial services industry regarding the European Securities and Markets Authority opinion on the practical arrangements for the late transposition of the AIFMD](#)

**23/08/2013** - [Circular to the financial services industry on the ESMA Guidelines on key concepts of the AIFMD](#)

**30/08/2013** - [Publication of revised Investment Services Rules](#)



### MFSA Listing Authority Announcements

01/08/2013 - [Extension of period of Suspension of public offer - A25 Gold Producers Corp](#)

16/08/2013 - [Extension of period of Suspension of public offer - A25 Gold Producers Corp](#)



### Warnings

14/08/2013 - [MFSA Warning - Accedium Limited - http://www.accedium.com/](#)

22/08/2013 - [MFSA Warning - SGT Malta - http://sgtmalta.net/eb/](#)

Foreign warnings received by MFSA can be viewed on the [MFSA Website](#).



### Forthcoming Events

**29 September - 02 October** - [FERMA Risk Management Forum 2013 - Living and working in a riskier world](#)

#### Education Consultative Council (ECC)

Training by members of the ECC:

- [Malta International Training Centre](#)
- [Malta Institute of Accountants](#)
- [Institute of Financial Services](#)



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The MFSA Newsletter is issued on a monthly basis by the MFSA Communications Unit, email: [communications@mfsa.com.mt](mailto:communications@mfsa.com.mt)

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