

# MFSA

## MALTA FINANCIAL SERVICES AUTHORITY

Securities & Markets  
Supervision Unit

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17<sup>th</sup> November, 2015

To: Compliance Officers – Investment Services Licence Holders

Dear Sir/Madam,

**Re: MFSA position as to whether government securities should be considered Non-Complex products under MiFID**

The MFSA has received queries on whether Malta Government securities should be classified as Non-Complex or else. Complex instruments under MiFID, particularly in view of the Collective Action Clauses affecting such securities.

Collective Action Clauses (CACs) are a mandatory feature in all Eurozone sovereign bonds post 1<sup>st</sup> January 2013. ESMA's current guidance (as currently implemented) as well as ESMA draft guidelines on complex instruments are silent on this issue and simply state that government bonds which do not embed a derivative are automatically non-complex instruments. The Authority endorses this view.

The above MFSA position is subject to further guidance (if any) issued by the European Securities and Markets Authority on this matter.

Should you have any queries with respect to the above, please do not hesitate to contact: Mr Edward Grech, Senior Manager, Securities and Markets Supervision Unit ([egrech@mfsa.com.mt](mailto:egrech@mfsa.com.mt)), Ms Sara Antonia Borg, Analyst, Securities and Markets Supervision Unit ([saborg@mfsa.com.mt](mailto:saborg@mfsa.com.mt)) or the undersigned.

Sincerely,



**Dr Christopher R. Buttigieg**  
Director