



Professional Investor Funds in Malta

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Why Malta?

Some Key data

- Malta became the smallest member state in the EU in May 2004, and joined the Euro Zone in 2008.
- GDP per capita is at 78% of the EU average, at €18,580 (March 2015).
- Malta was relatively unscathed during the years following the financial crisis of 2008, and stabilised by 2012.
- Malta has one of the highest figures of sunshine hours in Europe with an average of 3,000 per year.
- English widely spoken and written in Malta, and is the principal language for education and business.

Factors contributing to Malta's competitive advantage

- Flexible legal and regulatory environment with a legislative framework in line with EU Directives. Malta is fundamentally a civil law jurisdiction, however business legislation is principally based upon English law principles
- Malta boasts a high level of education with graduates representing a cross-section of the various disciplines related to financial services. Specific training in financial services is offered at various post-secondary and tertiary education levels. The accounting profession is well-established on the island. Accountants are either university graduates or in possession of a certified accountant qualification (ACA/ACCA)
- A flexible and proactive regulator that is very approachable and business-minded and robust
- An ever-growing supply of high-quality office space for rent at cheaper prices than Western Europe
- Malta's development as an international financial centre is reflected in the range of financial services available. Complementing the traditional retail functions, banks are increasingly offering private and investment banking, project finance, syndicated loans, treasury, custody and depositary services. Malta also hosts a number of institutions specialising in trade-related products such as structured trade finance, factoring and forfeiting
- Major international accountancy firms, including the Big 4 firms, are present on the island. Legal firms tend to be local, though most form part of international legal networks. Many professionals in both areas pursue studies and training overseas
- Maltese standard time is one hour ahead of Greenwich Mean Time (GMT) and six hours ahead of US Eastern Standard Time (EST) so business runs smoothly with the international community
- International Financial Reporting Standards, as adopted by the EU, are entrenched in company legislation and applicable since 1997, so there are no local GAAP requirements to deal with
- A very competitive tax regime, also for expatriates, and an extensive and growing double taxation treaty network
- No restrictions on the granting of work permits for EU and EEA nationals



Joint 1st for the timely implementation of EU's Internal Market Rules into national law



15th for Soundest Banking Systems in the World

(World Economic Forum's Global Competitiveness Report 2015-2016, 140 countries reviewed)



3rd out of 144 countries Malta's ranking for International bandwidth per user

(World Economic Forum's Global Competitiveness Report 2014–2015)



1st place Europe's favoured fund domicile

(Hedge Fund Review's 2013 and 2014, Service Provider Ranking)



World Economic Forum

The Global Competitiveness Report, compiled by the World Economic Forum's centre for Global Competitiveness and Performance, provides an analysis of the strengths and weaknesses of countries, related to national competitiveness using the Global Competitiveness Index as the main methodology. Competitiveness is defined as "the set of institutions, policies, and factors that determine the level of productivity of a country" and is gauged on 12 pillars.

Global Competitiveness Index 2015-2016 rankings

How Malta scored

Overall, Malta has placed number 48 out of 140 countries in the 2015 report. Malta remained in the top-tier category, that groups 'innovation driven economies'. Malta has again scored highly in education, innovation, business sophistication and technological readiness. It ranked 19th in effect of taxation on incentives to invest.

Global Competitiveness Index

	Rank (out of 140)	Score (1 -7)
GCI 2015 - 2016	48	4.4
GCI 2014 - 2015 (out of 144)	47	4.4
GCI 2013 - 2014 (out of 148)	41	4.5
GCI 2012 - 2013 (out of 144)	47	4.4
Basic requirements (20.0%)	34	5.2
1st pillar: Institutions	35	4.5
2nd pillar: Infrastructure	43	4.7
3rd pillar: Macroeconomic environment	43	5.2
4th pillar: Health and primary education	25	6.3
Efficiency enhancers (50.0%)	42	4.4
5th pillar: Higher education and training	42	4.8
6th pillar: Goods market efficiency	42	4.6
7th pillar: Labor market efficiency	55	4.3
8th pillar: Financial market development	40	4.4
9th pillar: Technology readiness	23	5.6
10th pillar: Market size	123	2.6
Innovation and sophistication factors (30.0%)	49	3.9
11th pillar: Business sophistication	46	4.2
12th pillar: Innovation	49	3.5

Funds in Malta



What Others Say about Malta as a Fund Jurisdiction

Malta is a jurisdiction that is very attractive to fund promoters. Malta's economy has come through the credit crunch and market crisis remarkably unscathed. Malta has stable financial institutions and offers a firm but flexible regulatory regime for investment services. As an EU Member State, the Maltese regulatory framework is based on the EU model, however in adopting a principle-based approach rather than a strictly rules-based approach, the MFSA (Malta's single regulator for financial services activities) ensures that fund promoters' requirements are addressed satisfactorily.

The Capstone Group

The conservative policies which Maltese financial institutions have induced in the running of their business, with regards to structured financial products, lending policies and borrowing in a traditional retail funding model, have in fact safeguarded Malta's financial stability from systemic events, adversely encountered in other economies.

Praude Asset Management Ltd

'We have recommended Malta as a jurisdiction to three of our funds in the regulatory incubator now, and all are having a good experience'

Seonaid Mackenzie, Founder at Sturgeon Ventures LLP, United Kingdom

'Many speak of Malta as a fund domicile of the future'

Stuart Martin, Partner at law firm Dechert

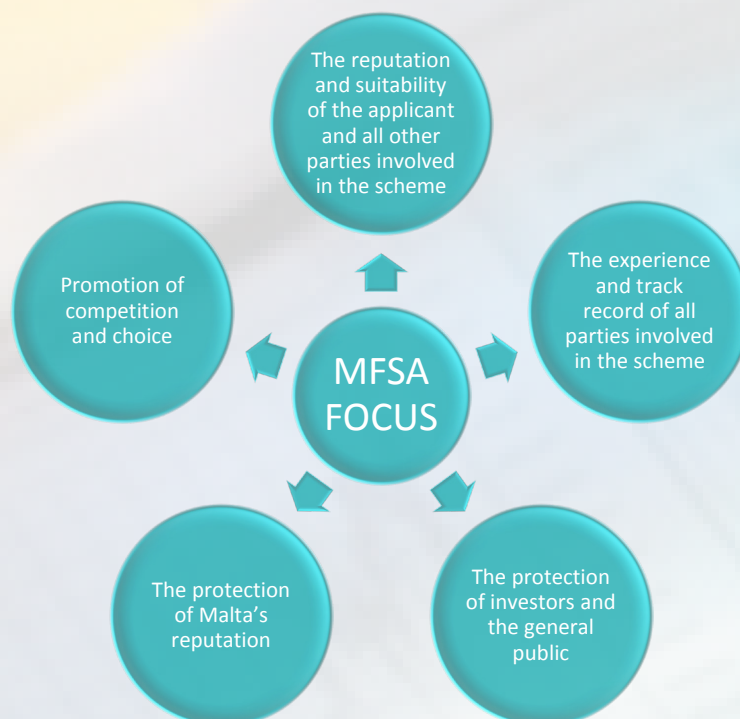
Many of these larger hedge funds, while serviced from Malta, remain legally domiciled elsewhere, so those assets aren't counted in Malta's official tally.

Bloomberg Markets Report - January 2012

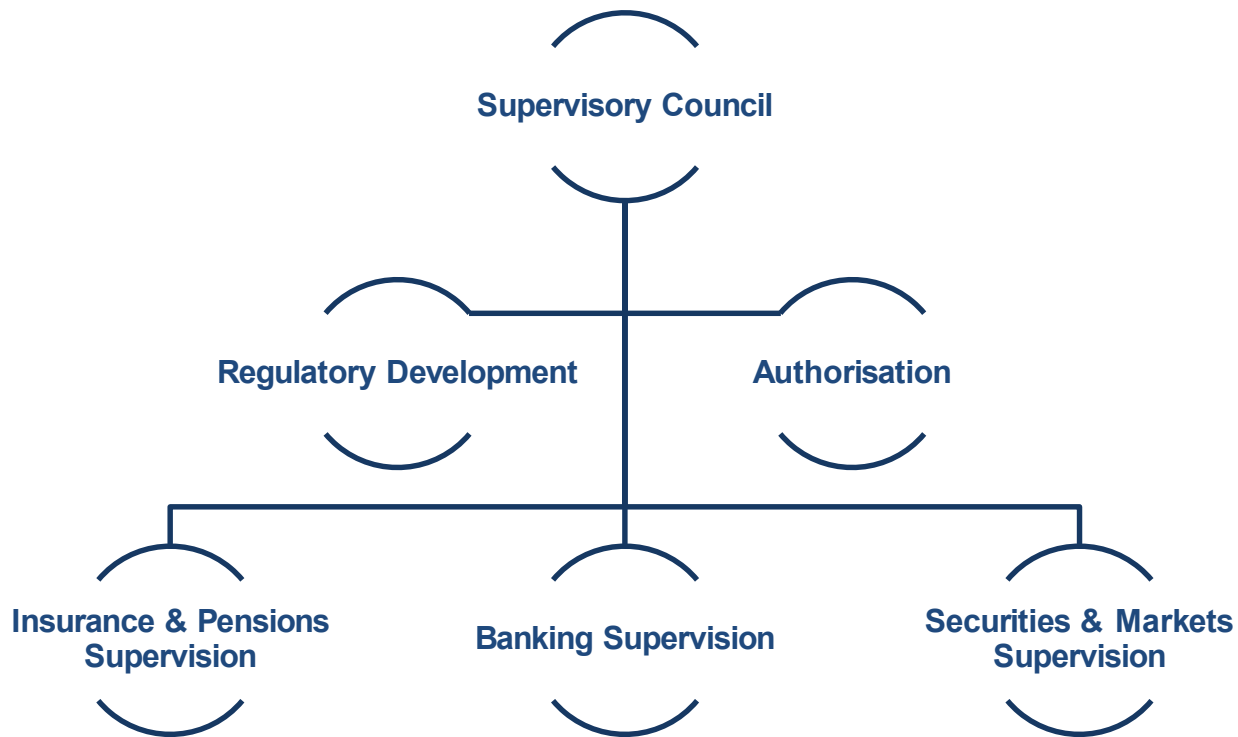
The Malta Financial Services Authority (MFSA)

The Malta Financial Services Authority (MFSA) is the single regulator for financial services in Malta and regulates banking, insurance, pensions and investment services (securities) business. The MFSA adopts a firm but flexible approach to regulation.

- **The licensing process is personalised**
- **Regulation is business-friendly and mindful of business needs**
- **Business oriented and efficient at transposing all potentially beneficial discretionary clauses in EU Directives**
- **Supervision is risk based and minimally intrusive**
- **Several institutions in Malta choose to target “niche” segments of the market**
- **The MFSA is open to new business models**



The Malta Financial Services Authority (MFSA)



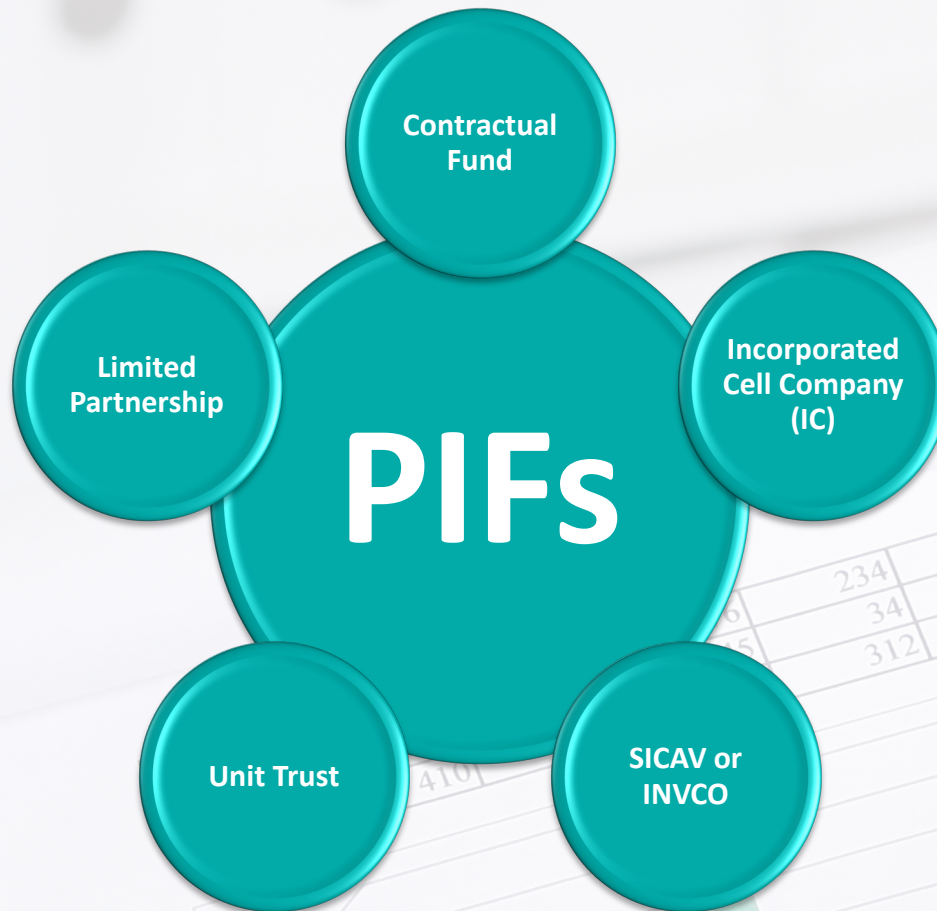
- **Regulatory Development Unit** - co-ordinates the development of cross-sector policy initiatives and enables the MFSA to address market and regulatory developments as they arise
- **Authorisation Unit** - receives and processes all applications for authorisations to conduct regulated financial services in Malta
- **Supervision Units** - responsible for the post-licensing ongoing supervision of the regulated entities in their respective area

Professional Investor Funds



Professional Investor Funds (PIFs)

PIFs may be structured in any of the following forms:



Any of the above legal forms may be set-up as a multi-fund /multi-class CIS, with segregated or non-segregated Sub-Funds. Each type may also be set-up as open-ended or closed-ended.

Background on Professional Investor Funds (PIFs)

A PIF is a non-retail type of collective investment scheme licensable in terms of the Investment Services Act, 1994;

- **Investment in a PIF is restricted to persons who meet the criteria applicable to Qualifying Investors;**
- **The minimum amount of investment required in a PIF is EUR 100,000**
- **No investment, borrowing or leverage restrictions, unless the fund invests in immovable property.**

Professional Investor Funds

**Qualifying Investors
 $\geq 100,000$**



Classification of Investors for PIFs

Qualifying Investors

Qualifying Investors are defined as meeting at least one of the below criteria

A “Qualifying Investor”, is an investor which fulfils the following criteria:

1. invests a minimum of EUR 100,000 or its currency equivalent in the PIF/AIF/NAIFs which investment may not be reduced below this minimum amount at any time by way of a partial redemption; and

2. declares in writing to the fund manager and the PIF/AIF/NAIF that it is aware of and accepts the risks associated with the proposed investment; and

3. satisfies at least one of the following:

3.1 a body corporate which has net assets in excess of EUR 750,000 or which is part of a group which has net assets in excess of EUR 750,000 or, in each case, the currency equivalent thereof;

3.2 an unincorporated body of persons or association which has net assets in excess of EUR 750,000 or the currency equivalent;

3.3 a trust where the net value of the trust’s assets is in excess of EUR 750,000 or the currency equivalent;

3.4 an individual whose net worth or joint net worth with that of the person’s spouse, exceeds EUR 750,000 or the currency equivalent; or

3.5 a senior employee or director of a service provider to the PIF/AIF/NAIF.

Setting up in Malta



The application and licensing process

Phase One Preparatory

- Initial meeting with the MFSA Authorisation Unit
- Communication of the applicant's intended activities to the regulator
- Preliminary indication by the regulator to move to the second stage

Phase Two Licence Application

- Submission of documents in draft form to the MFSA Authorisation Unit
- Fit and proper tests carried out by MFSA on the applicant
- MFSA feedback on documents
- Provision of replies to MFSA queries by applicant
- Completion of review of the application and all documents to the satisfaction of the MFSA
- MFSA will issue its 'in principle' approval subject to licence conditions
- Applicant to finalize all outstanding matters and submit full applicant in final format
- Registration of company establishing the institution requesting a licence
- Issue of official licence

Phase Three Post Licensing & Pre Commencement of Business

- Applicant to satisfy all post licensing matters prior to formal commencement of business
- Ongoing supervision by the Securities & Markets Supervision Unit

The application process

Application Documents:

- **completed application form;**
- **a near final draft of the Offering Document / Marketing Document;**
- **a draft Memorandum and Articles of Association / Deed of Partnership / Trust Deed;**
- **a copy of the necessary draft resolutions;**
- **Promoters, Directors, Founder Shareholders and the persons to be appointed as Compliance Officer and Money Laundering Reporting Officer shall be subject to the “fit and proper” criteria test;**
- **Promoters of the scheme are to submit an application for Preliminary Indication of Acceptability of the PIF where any one or more of the principal service providers are provided from a country that is not a “recognised jurisdiction”;**
- **the appropriate fee;**
- **Supplementary documentation may be requested by the MFSA when:**
 - **the service providers do not operate from a recognised jurisdiction;**
 - **the PIF is to be self-managed.**

The Application Documents – The Marketing Document

The Marketing Document

The Marketing Document is intended to provide investors with information to make an informed decision. This information should include, but is not limited to:

- **a definition of the targeted Investor;**
- **a list of service providers including the Directors, General Partner(s) or Trustee – and their respective contact details;**
- **investment objectives, policies and restrictions of the PIF;**
- **a risk warnings section describing in brief the principle risks associated with investing in the scheme;**
- **details of the fee structure;**
- **details of the classes/units on offer;**
- **an overview of the safe keeping arrangements (where a custodian/prime broker is not appointed);**
- **details of the beneficial owners of the Founder Shares (where these shares hold voting rights) / General Partner(s) / Trustee;**
- **the most recent version of the Constitutional Document of the scheme or a summary thereof (to be annexed to the Marketing Document).**

The Application Documents – The Offering Document

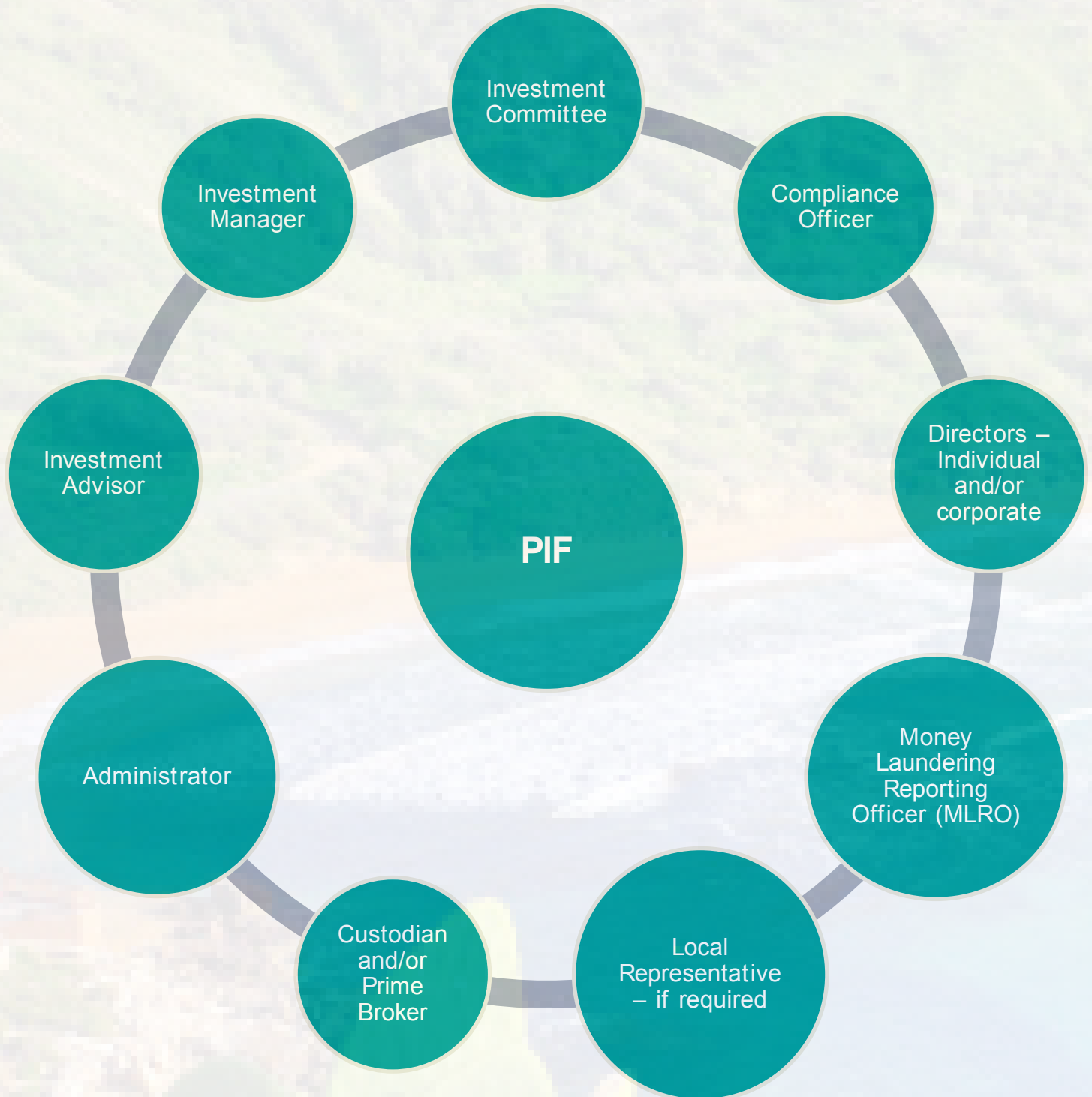
The Offering Document

PIFs incorporated in Malta do not need to issue a Prospectus in terms of the Companies Act 1995, but an Offering Document is required for PIFs. The Offering Document is intended to provide sufficient information to enable a potential investor to make an informed investment decision. As an indication, this information should include, but is not limited to:

- appropriate risk warnings;
- confirmation of approval of the Offering Document by the PIF's Board of Directors, General Partner, or Manager;
- name of scheme;
- date of establishment of the scheme and a statement as to its duration, if limited;
- name or style, form in law and registered office;
- in the case of an umbrella scheme, an indication of the Sub-Funds;
- the investment objectives, policies and restrictions of the scheme, together with the extent of use of leverage;
- the identity of all principal service providers, or a description of how the principal functions will be carried out;
- investment or borrowing restrictions, if any;
- specific disclosure requirements about the agreement with the guarantor, if the scheme is being marketed as a guaranteed collective investment scheme;
- specific disclosure requirements regarding the use of "side pockets" if any;
- a brief description of the promoters.

The Offering Document must be approved by the PIF's Board of Directors or Manager in writing prior to being submitted to the MFSA for approval. Once the Fund is established, changes to the Offering Document must similarly be approved before filing with the MFSA prior to implementation.

Functionaries and Other Officers/Service providers



Functionaries and Other Officers

	Investment Manager	Fund Administrator	Custodian or Prime Broker	Investment Advisor	Investment Committee	Compliance Officer and MRLO
Qualifying Investor Fund	Required - unless it is a self-managed Fund	May be appointed	May be appointed	May be appointed	Required if self managed	Required

Directors and board meetings

- PIFs must have at least one director resident in Malta.
- PIFs must have at least one board meeting every quarter, and meetings must be held in Malta or initiated from Malta by conference call.

Redomiciliation to Malta

The MFSA has issued Guidelines for Re-domiciliation of Offshore Funds to Malta on 22nd December 2009.

The Fund must have been in existence for a minimum of 1 year.

The re-domiciliation process is Regulated by the Companies Act (Continuation of Companies) Regulations, Legal Notice 344 of 2002 as amended by Legal Notice 352 of 2003 and Legal Notices 181 and 186 of 2006

Re-domiciliation of Funds is possible from any jurisdiction, provided:

- a) it is permitted under the applicable laws of the foreign jurisdiction, and approved under such laws;
- b) it is allowed by the statute or equivalent instrument of the fund.

Specific requirements in relation to Limited Partnerships (LPs)

Schemes set up as a LP may be incorporated as either

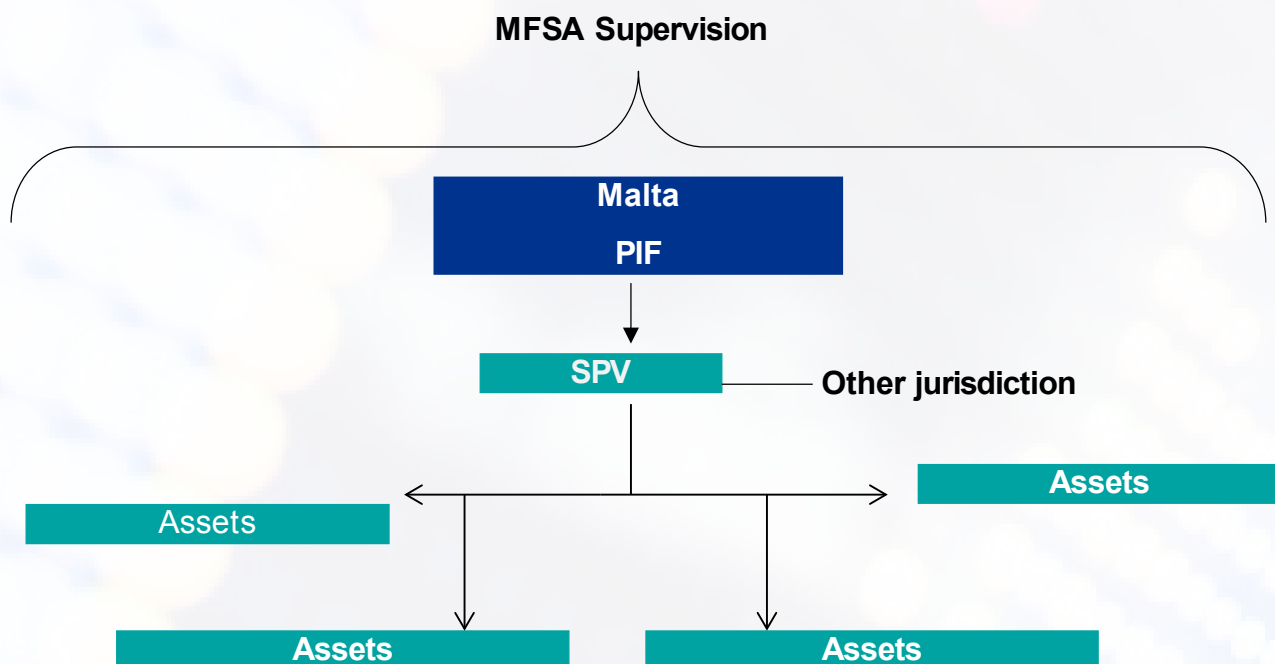
- ✓ Multi Class or Umbrella LPs with variable share capital and sub-classes, or
- ✓ LP/Partnership en commandite with variable share capital and without sub-classes

Schemes set up as LPs require at least one General Partner who shall be jointly and severally liable for all debts of the LP without limitation.

General Partners shall be any of the following:

- ✓ a company licensed under the Investment Services Act for the provision of fund management
- ✓ a company falling within the exemptions applicable to overseas fund managers
- ✓ any other entity of sufficient standing and repute as approved by the MFSA
- ✓ any other individual who satisfies the fit and proper test
- ✓ The MFSA shall be entitled to be satisfied on a continuing basis, of the fitness and propriety of the General Partner(s) and of any party appointed by the scheme
- ✓ The scheme shall organise and control its affairs in a responsible manner and shall have adequate operational, administrative, and financial procedures and controls to ensure compliance with all regulatory requirements.
- ✓ Usually a PIF is set up as a limited partnership for tax reasons relating to the domicile of the fund investors
- **The scheme shall organise and control its affairs in a responsible manner and shall have adequate operational, administrative, and financial procedures and controls to ensure compliance with all regulatory requirements.**

Special Purpose Vehicles (SPVs)



Uses of SPVs:

- ✓ An SPV is a special purpose vehicle:
 - ❖ set up by the PIF as part of its investment strategy for the purpose of achieving its investment objectives; and
 - ❖ owned or controlled via majority shareholding of the voting shares either directly or indirectly by the PIF.
- ✓ SPVs must not be established in a jurisdiction black-listed by the FATF.
- ✓ The PIF shall – through its Directors – at all times maintain the majority directorship of any SPV.
- ✓ The SPV should appoint one or more independent directors.
- ✓ The PIF must ensure that the investments effected through any SPV are in accordance with the investment objectives and policies of the PIF.
- ✓ The Offering Document should disclose the PIF's intended use of SPVs in the Investment Policy section.
- ✓ The SPV shall be supervised jointly with the PIF by the MFSA.

Property Funds

- ✓ The MFSA has issued a Property Funds Policy, providing a set of rules which all property funds are required to observe.
- ✓ A Fund investing more than 20% of its NAV in immovable property is classified as a Property Fund.
- ✓ The Property Funds Policy applies to funds whose main objective is investing in immovable property promoted to Qualifying Investors.

Property Funds Investment Restrictions

Professional Investor Property Fund targeting Maltese resident investors

	Investment in immovable Property in Malta	Investment in immovable Property outside Malta	Borrowing for liquidity purposes	Leverage to acquire immovable property	Leverage restrictions
				Open ended PIF	Closed ended PIF
Qualifying Investor	Permitted	Permitted	Unrestricted	<50% NAV	No restrictions

Use of SPVs in Property Funds - Leverage Restrictions

	Qualifying Investor	
	Option 1	Option 2
Leverage at Fund Level	50% of NAV	100% of NAV
Leverage at SPV level	100% of NAV	150% of NAV



Annual Costs Incurred by PIFs

The following is an indication of some annual costs incurred by a PIF established in Malta and using Maltese service providers

Expense Category	Cost per annum €	Comments
Rent, if required	200 - 350 / sq metre	Space in a medium to high range commercial block
Audit fees	Starting from 4,500	Will vary depending on frequency of NAV, asset class and jurisdiction of assets.
Administration Fee	0.1% - 0.2% of NAV (Min 20,000)	
Custody Fees	0.2% - 0.3% of NAV (Min 25,000)	
Local Director	Starting from 8,000	

This information is for indication purposes only and may vary according to the nature and particulars of the fund, and of the service provider.

Reporting Requirements

- The scheme (or the Manager or Administrator on its behalf) shall submit copies of the scheme's annual audited financial statements and half-yearly report (if any) to the MFSA and such other information, as the MFSA may from time to time request.
- The scheme shall also submit to the MFSA any statistical returns which may be required by the Central Bank of Malta to fulfil European and other relevant reporting obligations.



Listing of Funds

Listing

- ✓ **A PIF that is not a private company may seek listing on the Malta Stock Exchange.**
- ✓ **The benefits of such a listing comprise:**
 - ❖ **enhancing the security's international profile;**
 - ❖ **capital gains on the disposal or transfer of a holdings by Maltese residents will be exempt from taxation in Malta;**
 - ❖ **the security becomes more marketable as some institutional investors (such as pension funds) may only acquire units in funds that are listed.**



Taxation for Funds and Fund Managers



Taxation on Funds

Collective investment schemes are classified as either prescribed or non-prescribed funds.

A fund will be treated as a prescribed fund if:

- ✓ it is incorporated in Malta;
- ✓ the value of the assets situated in Malta allocated to that fund for the purpose of its operations is expected to be at least 85% of the value of the total assets that will be so allocated;
- ✓ it has been so classified by the Commissioner of Inland Revenue by means of a notice in writing.

A fund which does not satisfy these requirements is classified as non-prescribed.

Taxation of the Fund				
	Investment income (other than bank interest income)	Bank interest income	Income from Immovable Property situated in Malta	Other income of fund
Prescribed Fund	10% final withholding tax	15% final withholding tax	35%	Exempt from tax in Malta
Non-Prescribed fund	Exempt from tax in Malta	Exempt from tax in Malta	35%	Exempt from tax in Malta

Taxation on Funds

Taxation of non-resident Investors:

- ✓ Non-residents are not subject to tax in Malta, whether by way of withholding or otherwise, on the distribution of the fund's income, whether in the form of dividends, interest and liquidation, or on capital gains derived from the disposal of units in both prescribed and non-prescribed funds.

Taxation of non-Resident Investors	
Distribution of Scheme's income	Capital gains on disposal of Units
No Tax	No Tax

Transfer taxes, stamp duty

- ✓ Issue of units or shares do not attract any stamp duty.
- ✓ Transfer of shares/units in licensed funds are exempt from duty on transfers or stamp duty.

Capital duty, net wealth tax

- ✓ Malta does not have a capital duty.
- ✓ No tax is imposed on the fund's NAV.

Taxation

Fund Managers and Advisors

- ✓ Through the application of Malta's full imputation system, which completely eliminates economic double taxation, Malta offers an attractive tax environment for fund managers and advisors.
- ✓ Fund managers and advisors are subject to tax in a worldwide basis at the standard corporate tax rate of 35% , subject to relief for any foreign tax suffered.
- ✓ However, upon a dividend distribution, the shareholders would be entitled to a partial tax refund, generally of 6/7ths of the 35% tax.
- ✓ Such a tax refund when received by shareholders who are not tax resident in Malta and thus not subject to tax in Malta, has the effect of reducing the total tax paid in Malta to 5% or lower where double taxation relief is claimed, making Malta the EU jurisdiction with the lowest effective tax rate.



Taxation

Other Tax matters

Value Added Tax (VAT)

- ✓ Malta has a value added tax (VAT) system modelled on the EU VAT Directive.
- ✓ The standard rate in Malta is 18%.
- ✓ Supplies by funds are exempt without credit. This means that any VAT charged to the fund by other service providers (such as auditors and lawyers) will be a sunk cost to the fund.
- ✓ Funds may be required to be registered for VAT in Malta if they procure services from outside Malta which are subject to VAT.
- ✓ The supply of services consisting of the management of collective investment is exempt without credit, provided that these services are limited to those acts that are specific to and essential to the core activity of the scheme. This is interpreted as including administration of the fund and services related to investment selection whether provided by a fund manager, administrator or a third party service provider.
- ✓ No VAT is charged on the supplies made by a fund manager or fund administrator if the services are specific to and essential to the core activity of the fund.

Participation Exemption

- ✓ Dividends and gains derived from qualifying participations are fully exempt from tax

Transfer Pricing

- ✓ There are no transfer pricing rules in Malta.

Controlled Foreign Company (CFC) rules

- ✓ There are no CFC rules in Malta.

No Capital Gains

- ✓ The transfer of shares in a resident company by a non-resident is exempt from tax, provided there are no interests in immovable property situated in Malta.

Thin Capitalisation

- ✓ There are no thin capitalisation rules in Malta.

Withholding taxes

- ✓ Malta does not impose any withholding taxes on interest, royalties, dividends and proceeds from liquidation.

Taxation Expatriates

Expatriates working in Malta are only taxable on Maltese source income and capital gains. Foreign source income which is not received in or remitted to Malta is not subject to tax in Malta.

15% flat rate of tax for Highly Qualified Expatriates:

Expatriates employed in the most senior positions of financial services companies licensed or recognised by the MFSA may benefit from a beneficial flat rate of tax of 15% on their employment income for a maximum period of five years for EEA and Swiss nationals and four years for third country nationals. The minimum annual amount which may be taxable at 15% is €75,000. Any qualifying income above €5,000,000 is not subject to tax in Malta.

Conditions to be satisfied:

Hold an eligible office, which includes, inter alia, the position of:

CEO, CRO, CFO,
COO, CTO, CCO

Portfolio Manager, CIO, Senior Trader or
Trader, Senior Analyst, Actuarial Professional,
Chief Underwriting Officer, Chief Insurance
Technical Officer

Head of Marketing,
Head of Investor
Relations.

Minimum employment income of €75,000 (excluding value of fringe benefits) from holding eligible office

Employment contract in terms of Maltese law and relating to the exercise of genuine and effective work for the employer

Possession of professional qualifications proven to MFSA's satisfaction

MFSA is satisfied that the individual performs activities of an eligible office

MFSA is satisfied that the expatriate: (i) receives sufficient stable and regular resources; (ii) resides in a "comparable" accommodation meeting general health and safety standards; (iii) possesses a valid travel document; (iv) possesses sickness insurance; and (v) is not domiciled in Malta.

Taxation

Malta's Double Tax Treaty Network

Albania	Finland	Jordan	Morocco	Spain
Australia	France	South Korea	Norway	Sweden
Austria	Georgia	Kuwait	Pakistan	Switzerland
Bahrain	Germany	Latvia	Poland	Syria
Barbados	Greece	Lebanon	Portugal	Turkey
Belgium ²	Guernsey	Libya	Qatar	Tunisia
Bulgaria	Hong Kong	Liechtenstein	Russia¹	UAE
Canada	Hungary	Lithuania	Romania	UK
China	Iceland	Luxembourg²	San Marino	Ukraine¹
Croatia	India ³	Malaysia	Saudi Arabia	Uruguay
Cyprus	Ireland	Mexico¹	Serbia	US
Czech Rep.	Isle of Man	Macao ¹	Singapore ²	
Denmark	Israel¹	Mauritius¹	Slovakia	
Egypt	Italy	Mexico ¹	Slovenia	
Estonia	Jersey	Montenegro	South Africa²	

Appendices

Appendix 1:

Comparison
between Fund
Jurisdictions



Comparison of Malta with other Fund Jurisdictions

	Malta	Ireland	Luxembourg	UK
Number of international administrators	27	46	132	42
Number of custodians	6	18	66	N/A
Number of law firms	45	11	20	40
Number of audit firms	11	12	12	35
Listed Funds	Primary listing: 46 sub-funds Secondary listing: 178 sub-funds	Share classes listed – More than 7,000 Funds and sub-funds – More than 2,800	Share classes listed – 6,440	N/A

Comparing Malta with other jurisdictions

Taxation

	Malta	Ireland	Luxembourg	UK
Applicable Taxes at Fund level	<p>Exempt from Income and capital gains for non-prescribed funds</p> <p>No withholding tax on Distributions made to foreign investors</p>	<p>Income and capital gains – Exempt</p> <p>Distributions made to non-resident or exempt Irish resident investors – No withholding tax</p> <p>No net asset tax</p>	<p>Income and capital gains – Exempt</p> <p>Distributions made to investors – No withholding tax</p> <p>Annual subscription tax of 0.05% of Net Asset Value</p>	<p>20% income tax on income for Authorized Investment Funds (AIFs). They are exempt from chargeable gains tax.</p> <p>Some funds may be treated as tax exempt</p> <p>The majority of UK resident AIF's pay no tax due to offsetting of expenses</p> <p>Distributions made to investors – No withholding tax except for certain bond funds</p>
Double taxation treaties	64 treaties (6 pending)	68 treaties	64 treaties	Yes. Over 100 treaties with 20 pending

Comparing Malta with other jurisdictions

Taxation

	Malta	Ireland	Luxembourg	UK
Applicable Memoranda of Understanding	Several Multilateral and Bilateral MOUs signed, both with EU and non-EU countries	MOU's signed with several EU and non-EU countries	23 MOU's signed with several EU and non-EU countries	N/A
Savings Directive Applicability	Fully implemented	Fully implemented	Investors can choose between WHT and exchanging information.	Fully implemented
Stamp Duty Applicability	No stamp duty payable on the transfer of securities by/to a fund licensed under the Malta Financial Services Act	No stamp duty payable on issue / transfer / redemption / repurchase of fund units or on transfer of non-Irish stocks / marketable securities	No stamp duty or capital duty	Stamp duty payable: •At 0.5% on the transfer of stocks / marketable securities •At 0.5% on certain movements of units/shares •Up to 4% on the transfer of UK real estate interest to a fund

Comparing Malta with other jurisdictions

Regulation

	Malta	Ireland	Luxembourg	UK
Different Fund types available	SICAV, INVCO, Unit Trust, Contractual Fund, Limited Partnership, Incorporated Cell Company, Private Funds	Unit Trust, Investment Limited Partnership, Investment Company, Common Contractual Fund	Investment Company (SICAV), Common Fund (FCP)	Unit Trust, Investment Trust, Limited Liability Partnership, Open-ended Investment Company, Limited Partnership, Tax Transparent Fund
Types of regulated Funds	<ul style="list-style-type: none"> •Professional Investor Funds (PIFs) •UCITS Funds •Non-UCITS Funds 	<ul style="list-style-type: none"> •UCITS Funds •Non-UCITS Funds •Closed-ended Funds •Professional Investor Funds •Qualifying Investor Funds 	<ul style="list-style-type: none"> •UCITS Funds •Specialized Investment Funds •Part II UCIs •SICARs 	<ul style="list-style-type: none"> •UCITS schemes •Qualified Investor schemes •Non-UCITS schemes •Foreign schemes recognized by FSA
Re-domiciliation Possibility	Possible	Possible	Possible	One has to establish a new fund in the UK. The assets in the current fund are to be then transferred to the new UK fund.

Comparing Malta with other jurisdictions

Regulation

Question	Malta	Ireland	Luxembourg	UK
Funds exempt from regulation	<p><u>Private CISs</u> whose number of participants is 15 or less and the scheme is private and does not qualify as a PIF</p> <p><u>Exempt CISs:</u></p> <p>As scheme where the participants carry on a business not related to investment services but enter in the scheme for business purposes</p> <p>A scheme established for a company's (former) employees and their dependants in instruments issued by the same company / approved by the authority</p> <p>A commercial scheme in respect of which profits, income and the contribution of the participants are pooled or a scheme which operates according to the principle of risk spreading</p>	<p>Yes. This may happen in the case of funds relating to certain investors which are exempt.</p>	<p>No</p>	<p>Yes. This may happen in the case of funds which are not for retail investors. Only authorized fund managers are allowed to establish an unregulated collective investment scheme.</p> <p>Usually, it is only regulated investment managers who are allowed to manage / advise alternative investment funds. Such funds are very often unregulated</p>

Comparing Malta with other jurisdictions

Set up Fees

	Malta	Ireland	Luxembourg	UK
Notary Fees	N/A	N/A	For a fund organized under a corporate form, the notary fee is about €3,000	N/A
Regulatory fees	<u>Collective Investment schemes:</u> Application Fee: Scheme - €2,000 + an additional fee (€250 - €450) per sub-fund Supervisory Fee: Scheme - €2,500 p.a. + an additional fee (€150 - €400) per sub-fund p.a. <u>Professional Investor Funds (PIFs):</u> In principal approval - €600 Scheme: €1,500 Additional Sub-funds: €1,000 Supervisory Fee: €1,500 per scheme €500 per sub-Fund	€2,000 - €4,000	Initial Fee: €2,650 - €5,000 Annual Fee: €2,650 - €5,000	Depends on the type of fund

Comparing Malta with other jurisdictions

Set up Fees

	Malta	Ireland	Luxembourg	UK
Stock Exchange Fees	<p>Admission fee for the listing of the CIS: €1,164.69</p> <p><u>Annual admission fees:</u></p> <p>Application fee: €1,160 Annual fee: €1,160</p> <p><u>First 5 sub-funds:</u></p> <p>Application fee: €1,160 Annual fee: €1,160</p> <p><u>6th – 10th sub-fund:</u></p> <p>Application fee: €930 Annual fee: €930</p>	<p><u>Closed ended funds:</u></p> <p>Initial fee: EU €1,000 Non-EU €1,000</p> <p>Subsequent fee: EU €500, Non-EU €500</p> <p>Annual Fees: Up to 5 sub-funds: EU €1,900, Non-EU €1,980 (per fund / sub-fund)</p> <p>6 - 10 sub-funds: EU €1,150, Non-EU €1,200 (per sub-fund)</p>	<p><u>Non-EU Funds:</u></p> <p>Visa: €2,500 Listing: €2,500</p> <p>Annual Fees: 1st quotation: €2,500 2nd quotation: €1,875 3rd quotation: €1,250 4th quotation: €625 / line</p>	<p>Depends on the issuer's market capitalization .</p>

Appendix 2:

Living in Malta



Living in Malta

The Maltese Climate

The climate on the island of Malta is typically Mediterranean with temperatures averaging 10-15°C during the winter and between 25-35°C in the summer months.

The Maltese Climate:

	Highest Temperature (on average)	Lowest Temperature (on average)
January	16.0	10.3
February	15.9	9.8
March	17.7	11.4
June	28.5	20.3
July	31.5	22.9
August	31.8	23.7



- The Maltese islands benefit from 3,000 hours of sunshine during the year. In comparison, London enjoys an average of 1,460 hours of sunshine per annum.
- Annual rainfall is quite low, with an average of 700mm of rain annually

Education:

- Malta's main resource is its human resources. Thus, investment in education is given top priority within the country.
- Education in Malta is compulsory from the age of 5 up to 16 years old and is offered through three different providers: the state, the church, and the private sector.
- Government offers free primary, secondary and post-secondary education.
- Around 60% of the population undertakes some form of tertiary level education..

Statistics show a positive trend in general:

- The number of early school leavers has gone down by almost 4% from 2008 to 2011
- Youth literacy for the period between 2007–2011 averaged between 97% (for males) and 99% (for females)
- Malta is one of the EU's most generous member states when it comes to university tuition, according to a study published by the European Commission in September 2012.
- The study names Malta, Cyprus and Denmark as the only member states that provide totally free tuition at university level while also giving grants to all their students.
- The government provides university students with a grant of €83 every four weeks. In addition, students are also given €466 per annum and a one-off grant of €466 prior to commencing their first year of studies.

Number of Graduates from the University of Malta - Academic Year 2011/12

Males	1,325
Females	1,918



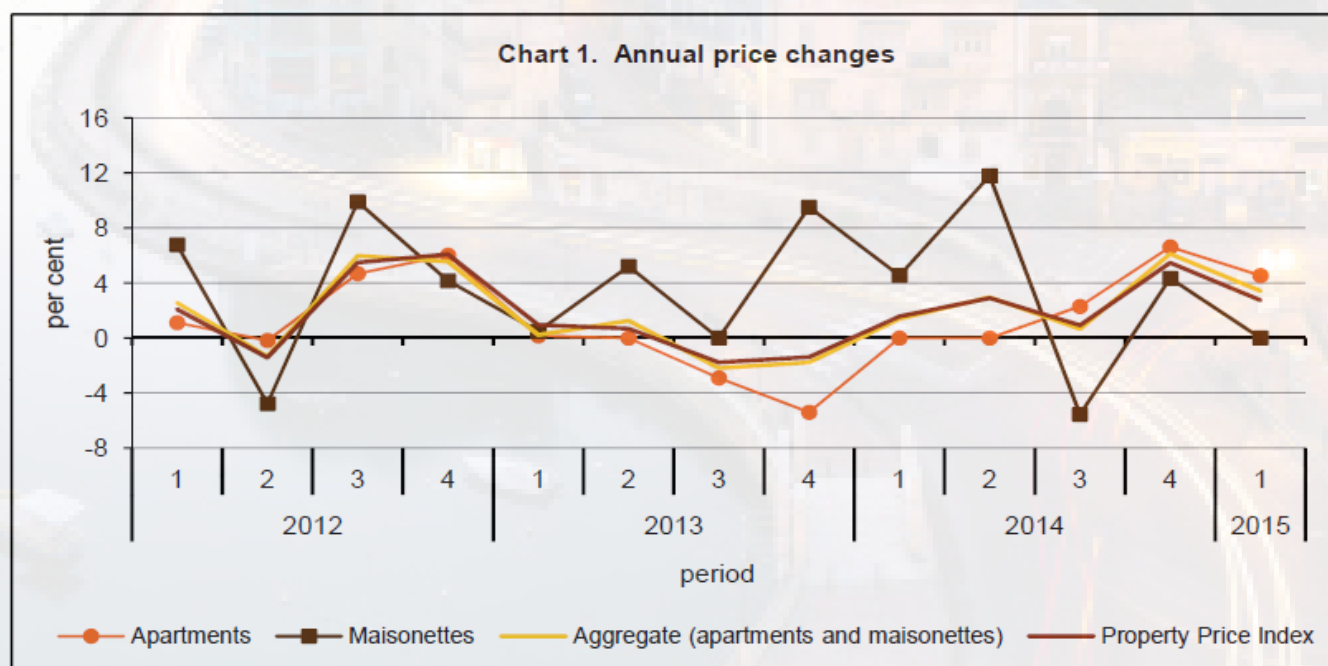
Living in Malta

Property

Property:

In the first quarter of 2015, the All-Property Price Index increased by 2.8% when compared to the same quarter of the previous year.

Malta: PPI cumulative % increase / decrease total and by category (based on advertised prices)



Living in Malta

Renting Property

In Malta one can find a variety of high-quality property for rent, ranging from villas, terraced houses, offices, maisonettes, houses of character, and apartments.

Rent per Month	Average
Apartment (1 bedroom) in city centre	€554.29
Apartment (1 bedroom outside of centre)	€379.84
Apartment (3 bedroom) in city centre	€931.82
Apartment (3 bedroom) outside of centre	€626.18

There are 2 main factors which determine the rental fee for property in Malta:

- ✓ Quality – New developments generally cost more than existing ones.
- ✓ Location – Sea front properties, or those with a country view can come at a premium. This also applies to apartments within modern residential lifestyle developments.





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