

A Guide to the Establishment of Professional Investor Funds



Senglea—Malta

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The Guide to the Establishment of Professional Investor Funds has been designed to assist promoters of Professional Investor Funds and their professional advisors - to obtain an overview of the regulatory regime that applies in Malta.

The guide does not purport to provide more than an overview. Any reader interested in obtaining further information about the establishment of a Professional Investor Fund in Malta or about any related topic is invited to make contact with the MFSA.

1. Introduction

Professional Investor Funds (PIFs) are primarily regulated by the Investment Services Act, 1994 (“ISA”), as amended by Act XVII of 2002. The ISA establishes the regulatory framework for investment services providers and for Collective Investment Schemes (“CIS”) – which include PIFs. The ISA provides for two types of licences – an Investment Services Licence and a licence to operate collective investment schemes including PIFs. The ISA provides an extensive definition of a collective investment scheme as outlined below:

DEFINITION

The ISA provides that a Collective Investment Scheme means any scheme or arrangement which has as its object or as one of its objects the collective investment of capital acquired by means of an offer of units for subscription, sale or exchange and which has any of the following characteristics:-

- a) the scheme or arrangement operates according to the principle of risk spreading; and either*
- b) the contributions of the participants and the profits or income out of which payments are to be made to them are pooled; or*
- c) at the request of the holders, units are or are to be re-purchased or redeemed out of the assets of the scheme or arrangement, continuously or in blocks at short intervals; or*
- d) units are, or have been, or will be issued continuously or in blocks at short intervals:*

Provided that the Competent Authority may issue a licence with respect to a scheme or arrangement whose units are to be offered for subscription, sale or exchange to:

- (i) licence holders*
- (ii) persons whose ordinary business involves the acquisition and disposal of instruments of the same kind as the instrument or instruments in which the scheme or arrangement invests; or*
- (iii) persons whose ordinary business involves the acquisition and disposal of property of the same kind as the property, or a substantial part of the property, in which the scheme or arrangement invests; or*
- (iv) persons who by regulation under the Investment Services Act, 1994 are exempt from the requirement of an investment services licence provided that the scheme or arrangement invests in instruments or property in respect of which such persons are exempt;*

Notwithstanding that such a scheme or arrangement does not have the characteristic listed in paragraph (a) above, and in any such case, such scheme or arrangement shall be deemed to be a collective investment scheme.

A PIF may be set up as an open or closed-ended investment company – in the form of a SICAV or INVCO, or a limited partnership or a unit trust. A PIF may also be set up as a SICAV Incorporated Cell Company (SICAV ICC) or an incorporated cell (IC) of a Recognised Incorporated Cell Company (RICC).

The PIF regime¹ consists of three categories:

- 1) PIFs promoted to Experienced Investors (or Experienced Investor Funds);
- 2) PIFs promoted to Qualifying Investors (or Qualifying Investor Funds); and
- 3) PIFs promoted to Extraordinary Investors (or Extraordinary Investor Funds).

¹ All the salient features of the three categories of the PIF regime will be dealt with in a comparative table in Appendix I to this Brochure.

2. AUTHORISATION

REQUIREMENT FOR A COLLECTIVE INVESTMENT SCHEME LICENCE FOR PROFESSIONAL INVESTOR FUNDS

Article 4 of the Act states:

“4 (1) Subject to the provisions of subarticle (3), no Collective Investment Scheme shall issue or create any units or carry on any activity in or from within Malta unless there is in respect of it a valid Collective Investment Scheme licence.

(2) Subject to the provisions of subarticle (3), no Collective Investment Scheme formed in accordance with or existing under the laws of Malta shall issue or create any units or carry on any activity in or from within a country, territory or other place outside Malta unless there is in respect of it a valid Collective Investment Scheme licence.

(3) No Collective Investment Scheme shall be precluded by the provisions of subarticle (1) from issuing or creating such units or from taking such steps as may be necessary for the incorporation or, as the case may be, the establishment of the scheme or from taking such steps as may be necessary for securing the authorisation of the scheme by the competent authority.”

Subarticle 4(1) makes it illegal for any Scheme wherever set up, including a Scheme set up as a PIF, to operate in or from Malta without having a licence. Subarticle 4(2) makes it illegal for a Scheme including a PIF, set up in Malta to operate in another country without having a licence. Subarticle 4(3) permits the initial steps in establishing a Scheme including a PIF, to be taken before a Licence has been obtained but the Scheme may not deal with investors before it is licensed. The MFSA will grant a licence if it is satisfied that the PIF will comply in all respects with the provisions of the ISA, the relevant Regulations and the respective Rules and that its directors and officers, or in the case of a unit trust/common contractual fund or limited partnership, its Trustee(s) or General Partner(s) respectively, are fit and proper person to carry out the functions required of them in connection with the PIF.

In assessing an application for authorisation, the MFSA will consider the nature of investors to whom it will be marketed. It will also look into the experience and track record of all parties who will be involved in the PIF. Such persons should be of good standing and of a certain competence. The MFSA reserves the right to refuse a licence if it does not approve a party involved within the PIF.

When assessing whether to authorise or otherwise an applicant, the MFSA applies the standards relating to the ‘fit and proper’ status of the Applicant and its Service Providers. This test is one which an Applicant and a Licence Holder must satisfy on a continuing basis. In general terms there are three criteria which must be met to satisfy the “fit and proper” test namely integrity, competence, and solvency.

Foreign based schemes that are just listed on the Malta Stock Exchange, without having their units marketed/ promoted in Malta, whether by the scheme directly or through investment service licence holders, are not deemed to be carrying on an activity in Malta. Therefore these schemes are not required to hold a collective investment scheme licence in terms of article 4 of the Act. The
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term "carry on an activity", used in article 4 of the Act is defined in the Investment Services Act (Licence and other Fees) Regulations, to include marketing, advertising and other promoting activities.

3. CHARACTERISTICS - PIFs

3.1. PIFs PROMOTED TO EXPERIENCED INVESTORS

“Experienced Investors” are persons having the expertise, experience and knowledge to be in a position to make their own investment decisions and understand the risks involved. An investor must state the basis on which he/she satisfies this definition, either by confirming that he/she is:

1. a person who has relevant work experience having at least worked in the financial sector for one year in a professional position or a person who has been active in these type of investments; or
2. a person who has reasonable experience in the acquisition and/or disposal of funds of a similar nature or risk profile, or property of the same kind as the property, or a substantial part of the property, to which the PIF in question related; or
3. a person who has carried out investment transactions in significant size at a certain frequency²; or

by giving any other appropriate justification.

Person who qualify as “Professional Clients” in terms of the MIFID, automatically qualify as “Experienced Investors”.

The minimum investment threshold is EUR 10,000 or USD10,000 or equivalent in another Currency³. The total amount invested may not fall below this threshold unless this is the result of a fall in the net asset value of the Fund. The minimum investment threshold applies to each individual “Experienced Investor”. In the case of joint holders, the minimum investment limit remains EUR 10,000 or USD10,000 or equivalent in another Currency.

In the case of an umbrella fund comprising of sub-funds each of which is set up as a PIF, the EUR10,000 threshold may be applicable on a per scheme basis rather than on a per sub-fund basis. Thus effectively, an Experienced Investor may hold less than EUR10,000 in a sub-fund provided that his total holding in such scheme is at least EUR10,000.

Before an Experienced Investor Fund may accept any investment, it must obtain a completed “Experienced Investor Declaration Form” in which the investor confirms that he/she has read and understood the mandatory risk warnings and describes why he/she is an “Experienced Investor”. This Declaration Form is required for the prospective investor to demonstrate eligibility to be treated as an Experienced Investor and to exclude retail investors. A copy of this Declaration Form is being reproduced in this Brochure at Appendix II.

² For example a person who within the past 2 years carried out transactions amounting to at least EUR 50,000 at an average frequency of 3 per quarter.

³ Or (for Schemes having applied for a licence prior 1/1/2010) EUR15,000 or USD15,000

The Manager/Sales Agent or any third party selling units of the Experienced Investor Fund is bound to take reasonable steps to ensure that the investor has sufficient knowledge and understanding of the risks involved in investing in a PIF. Furthermore, the Manager/Sales Agent will be required to countersign the Experienced Investor Declaration Form signifying that he is satisfied that the investor has sufficient knowledge and understanding of the risks involved. If the Manager/Sales Agent is not satisfied that the investor has the necessary experience and knowledge in order to understand the risks involved, then the Manager/Sales Agent should state so in the Experienced Investor Declaration Form and confirm that the investor had been warned accordingly. The investor will also confirm that he had been warned in this regard.

PIFs promoted to Experienced Investors are subject to investment restrictions set out in Part BI of the Investment Services Rules for Professional Investor Funds. Whilst borrowing on a temporary basis for liquidity purposes is permitted and not restricted, borrowing for investment purposes or leverage via the use of derivatives is restricted to 100% of the NAV.

3.2. PIFs PROMOTED TO QUALIFYING INVESTORS

An investor may only be classified as a “Qualifying Investor” if he/she attests that he/she meets one or more of the following criteria:

1. a body corporate which has net assets in excess of EUR750,000 or which is part of a group which has net assets in excess of EUR750,000;
2. an unincorporated body of persons or association which has net assets in excess of EUR750,000;
3. a trust where the net value of the trust’s assets is in excess of EUR750,000;
4. a person who has reasonable experience in the acquisition and/or disposal of :-
 - funds of a similar nature or risk profile;
 - property of the same kind as the property, or a substantial part of the property, to which the PIF in question relates;
5. an individual whose net worth or joint net worth with that person’s spouse, exceeds EUR750,000;
6. senior employees or Directors of service providers to the PIF;
7. relations or close friends of the promoters limited to a total of 10 persons per PIF;
8. entities with (or which are part of a group with) EUR3.75 million or more under discretionary management, investing on its own account;
9. the investor qualifies as a PIF promoted to Qualifying or Extraordinary Investors;
10. an entity wholly owned by persons or entities satisfying any of the criteria listed above which is used as an investment vehicle by such persons or entities.

In the case of joint holders, all holders should individually satisfy the definition of “Qualifying Investor.”

The minimum initial investment amounts to EUR75,000 or USD75,000 or equivalent in another Currency . The total amount invested may not fall below this threshold unless this is the result of a fall in the net asset value. Provided that the minimum threshold is satisfied, additional investments – of any size – may be made. The minimum investment threshold applies to each individual “Qualifying Investor”. In the case of joint holders, the minimum investment limit remains EUR75,000 or USD75,000 or equivalent in another Currency.

In the case of an umbrella fund comprising of sub-funds each of which is set up as a Professional Investor Fund, the EUR75,000 threshold may be applicable on a per scheme basis rather than on a per sub-fund basis. Thus effectively a “Qualifying Investor” may hold less than EUR75,000 in a sub-fund provided that his total holding in the scheme amounts to at least EUR 75,000.

Prior to accepting any investment, the PIF must be in receipt of a completed “Qualifying Investor Declaration Form” in which the investor confirms that he/she has read and understood the mandatory risk warnings and describes why he/she is a “Qualifying Investor”. In the case where the Qualifying Investor is a company or partnership, such declaration is required from the Directors/ Partners, whilst in the case of a Trust, from the Trustee. A copy of this Declaration Form is being reproduced in this Brochure at Appendix III.

PIFs promoted to Qualifying Investors are not subject to any restrictions on their investment or borrowing powers (including leverage) other than those which may be specified in their Offering Document.

3.3. PIFs PROMOTED TO EXTRAORDINARY INVESTORS

An "Extraordinary Investor" is required to meet one or more of the following criteria:

1. a body corporate which has net assets in excess of EUR7.5 million or which is part of a group which has net assets in excess of EUR7.5 million;
2. an unincorporated body of persons or association which has net assets in excess of EUR7.5 million;
3. a trust where the net value of the trust's assets is in excess of EUR7.5 million;
4. an individual whose net worth or joint net worth with that person's spouse, exceeds EUR7.5 million;
5. a senior employee or Director of service providers to the PIF;
6. the investor qualifies as a PIF promoted to Extraordinary Investors;
7. an entity wholly owned by persons or entities satisfying any of the criteria listed above which is used as an investment vehicle by such persons or entities.

In the case of joint holders, all holders should individually satisfy the definition of “Extraordinary Investor”.

The minimum initial investment is EUR750,000 or USD750,000 or equivalent in another Currency . The total amount invested may not fall below this threshold unless this is the result of a fall in the net asset value of the Fund. Provided that the minimum threshold is satisfied, additional investments – of any size – may be made. The minimum investment threshold applies to each individual “Extraordinary Investor”. In the case of joint holders, the minimum investment limit remains EUR750,000 or USD750,000 or equivalent in another Currency .

In the case of an umbrella fund comprising of sub-funds each of which is set up as a PIF, the EUR750,000 threshold may be applicable on a per scheme basis rather than on a per sub-fund basis. Thus effectively, an “Extraordinary Investor” may hold less than EUR 750,000 in a sub-fund provided that his total holding in the scheme is at least EUR750,000.

Prior to accepting any investment, the PIF should be in receipt of a completed “Extraordinary Investor Declaration Form” in which the investor confirms that he/she has read and understood the mandatory risk warnings and describes why he/she is an "Extraordinary Investor". In the case where the Extraordinary Investor is a company, such declaration is required from the Director(s)/General Partner(s), whilst in the case of a trust, from the trustee. The Extraordinary Investor Declaration form demonstrates the eligibility of the investor to be treated as an Extraordinary Qualifying Investor. A copy of this Declaration Form is being reproduced in this Brochure at Appendix IV.

PIFs promoted to Extraordinary Investors are not subject to any restrictions on their investment or borrowing powers other than those which may be specified in their Offering Document/Marketing Document.

4. FUNCTIONARIES OF THE PIF

A PIF may appoint any service providers as it may deem necessary – although PIFs promoted to Experienced Investors are required to appoint a Custodian responsible for the safe custody of the assets of the PIF and the monitoring of the activities of the PIF's Manager. Ordinarily, service providers of a PIF may include, amongst others, a Manager, an Administrator, an Investment Advisor and/or a Custodian/Prime Broker.

Service Providers must be licensed by the MFSA, if they are operating in or from Malta. In this case, the licensing requirements are set out in "A Guide to Investment Services". With regards to services providers located outside Malta, these should be established and regulated in a recognised jurisdiction. Prior to the appointment of a new service provider, it is recommended that the MFSA be given two weeks clear notice in writing for approval.

It is not necessary that the manager, administration, custodian or any other appointed functionary be based in Malta. However if a PIF is operated from outside Malta (i.e. where the manager / administrator of the scheme is/are based outside Malta), a “judicial representative” (see below) needs to be appointed. In the case where the functionaries are based and regulated in a recognised jurisdiction, the MFSA will rely on the checks already carried out by the regulators of those countries.

4.1. THE MANAGER

Although the MFSA recommends and would ordinarily expect an external Manager to be appointed, there is no obligation for a PIF to have an external Manager.

On the other hand, where a third party Manager is to be appointed and the proposed Manager is established in Malta, the Manager should be in possession of a Category 2 Investment Services Licence issued in terms of the ISA and thus duly licensed and authorised by the MFSA to provide management services to CISs.

The manager’s role – which may be undertaken by one or more parties ordinarily comprises:

1. overall control of the operation of the fund (which may not be necessary in corporate funds with a board of directors);
2. the role of the investment manager/adviser (day-to-day investment management/advice).

In addition, the manager may also assume the role of the administrator (calculation of NAV etc.).

4.2. THE FUND ADMINISTRATOR

Administrative services in relation to the PIF may be carried out by a fund administrator. The administrator's role ordinarily covers, amongst other things liaison with shareholders; calculation of NAVs; reconciliations; pricing the investment portfolio; payment of bills; preparation of financial statements; fund accounting; performance reporting; compliance reporting and preparation of contract notes.

The role of the administrator may be carried out either by:

- (i) a separate administrator appointed directly by the PIF (in which case the Manager's role would be limited to the day-to-day management of the PIF's portfolio); or
- (ii) the manager itself, after it has been delegated with such duties by the PIF; or
- (iii) a separate administrator appointed by the manager in the instance that the latter has been delegated with such duty by the PIF but has opted to outsource it to a third party. Please see subsequent question.

Where the proposed Fund Administrator is established in Malta, the Administrator should be in possession of a Fund Administration recognition certificate issued in terms of the ISA.

4.3. THE CUSTODIAN/ PRIME BROKER

A PIF promoted to Experienced Investors should appoint a custodian or prime broker who is responsible for the safe keeping of the assets of the PIF and for undertaking monitoring duties over the PIFs Manager. The custodian should be independent from the Manager and need not be established and regulated in Malta.

In the case of PIFs promoted to Qualifying or Extraordinary Investors, although the MFSA recommends and would ordinarily expect the appointment of a custodian or prime broker, there is no obligation to have either. Where no custodian is appointed, responsibility for the establishment of proper arrangements for the safe keeping of the PIF's assets remains with the Directors/ General Partner(s)/ Trustee and officers of the PIF. The applicant will be required to outline the arrangements which will be put in place to ensure adequate safekeeping of the PIF's assets.

4.4. THE INVESTMENT ADVISOR

The Investment Adviser is a person responsible for the provision of investment advice to the PIF or its manager on the assets of the PIF. On the other hand, the investment adviser will not have any discretion with respect to the investment and re-investment of the assets of the PIF.

PIFs are generally not required to appoint an investment advisor. Furthermore, the proposed investment advisor need not be established and regulated in Malta. When the investment advisor is appointed directly by the manager rather than by the PIF such investment adviser is not subject to the MFSA's approval and no eligibility criteria apply.

4.5. THE JUDICIAL REPRESENTATIVE

“Judicial representatives” (who must be either a licensee under the Investment Services Act or a lawyer or an accountant recognised by the MFSA) have only two functions –

- (i) to accept directions from the MFSA; and
- (ii) to provide the MFSA with any information requested.

For this purpose, the judicial representative will be required to comply with certain record-keeping requirements relating to the PIF for possible inspection by the MFSA. “Judicial representatives” are not ‘officers’ under the Companies Act.

5. THE LICENCING PROCESS

Every licence for a retail Collective Investment Scheme is subject to Standard Licence Conditions (“SLCs”) – which are set out in full in the Investment Services Rules. However, PIFs are subject to Standard Licence Conditions applicable solely to PIFs⁴. The operational procedure is quite straight forward and is set out in the table below.

Operational Procedure

A PIF should apply for a licence to the MFSA using the application form provided in Schedule A to the Investment Services Rules for Professional Investor Funds enclosing the following documents. The application form can be downloaded from the MFSA website (www.mfsa.com.mt):

- the appropriate fee⁵;
- a near final draft of the “Offering Document”⁶ incorporating the “Experienced, Qualifying or Extraordinary Investor Declaration” form as the case may be;
- a copy of the approval of the PIF’s proposed directors (or the manager’s – as applicable) of the offering document.
- a near final draft of the PIF’s memorandum & articles of association or other constitutional document
- personal questionnaires of each proposed director of the PIF and – if applicable – of the directors and qualifying shareholders (>10% control) of external service-providers operating from non-recognised territories or operating from recognised territories which are however not subject to regulation in such territories.
- details – where applicable – of the proposed judicial representative who would need to be appointed where the PIF, although established under the Laws of Malta, is operated from outside Malta, and has no physical local presence. The judicial representative is required to submit a declaration to MFSA, a specimen of which is available upon request from the Investment Services Unit.

On launch of the PIF, a copy of the **final offering** document must be filed with the MFSA together with confirmation by the PIF’s board of directors (or the manager’s - as applicable) that there are no material changes.

⁴ Reference is to be made to the Investment Services Rules for Professional Investor Funds.

⁵ See Appendix VI to this Brochure

⁶ See Appendix V to this Brochure

Provided that all relevant documentation including the application form has been properly completed and is attached, the MFSA will respond to licence applications within 7 business days. This timeframe only applies where the PIF appoints a third party Manager and where all service-providers are based and regulated in Recognised Jurisdictions⁷. The applicant must be “fit and proper” and be prepared to act in accordance with the law. In this regard, the Directors of the PIF must submit a duly filled Personal Questionnaire (“PQ”) form.

In the case where the functionaries are based and regulated in a 'recognised country', the MFSA will rely on the checks already carried out by the regulators in those countries. On the other hand, where the functions of the external manager or investment manager or administrator or investment advisor or custodian or prime broker as the case may be are provided from a country that is not a “recognised country”, a Personal Questionnaire (“PQ”) Form must be submitted by each relevant person as indicated under ‘Fit and Proper’ below. This will be used by MFSA as a basis for assessment.

The concept of ‘fit and proper’ is a fundamental regulatory concept which is extremely important and which the licensee and its service providers must satisfy. This test requires licensees and their senior staff – both at licensing stage – and on an on-going basis thereafter to demonstrate solvency, competence and integrity in all their dealings. In determining whether an applicant licensee is fit and proper, the MFSA will take account of (inter alia) the applicant’s compliance track record, the quality of internal control systems and procedures, financial status and the due diligence procedures which the applicant employs in accepting new customers.

In the case where any of the external service-providers to be appointed operate from a country that is not a “recognised country”, it is recommended that at an early stage, applicants request an approval “in principle”. The application for preliminary indication of acceptability of a PIF does not substitute the application for a PIF licence. Therefore the applicant would still need to apply for a CIS licence. An application is enclosed with brochure at Appendix VIII and can also be downloaded from the MFSA website.

An “In Principle” Approval is usually granted within one business week.

6. THE OFFERING DOCUMENT

A PIF targeting Experienced or Qualifying is required to draw up an Offering document which should at least include the information listed in Part A of the Investment Services Rules for PIFs. The Offering Document should be provided to prospective investors free of charge.

A PIF targeting Extraordinary Investors may either draw up an offering document⁸ or else draw up a Marketing Document. The Offering Document should include the information specified in Appendix V to this Brochure.

The Marketing Document should contain at least the following information:

⁷ Recognised countries are: Malta and members of the EU and the EEA and some other third countries

⁸ This Offering Document should include at least the information listed in Part A of the Investment Services Rules for PIFs.

- a list of Service Providers including the Directors, General Partner(s) or Trustee⁹ and their respective contact details;
- a definition of Extraordinary Investor;
- a risk warnings section describing in brief at least the principal risks associated with investing in the PIF;
- the investment objectives, policies and restrictions of the PIF or where applicable its sub-funds;
- details of the fee structure;
- details of the classes/units on offer (whether these constitute a distinct sub-fund or not);
- overview of the safekeeping arrangements (where a custodian/prime broker is not appointed);
- a Statement – where the PIF has issued “Voting Shares” to the promoters and “non Voting Shares” to prospective Investors – identifying the holders of the “Voting Shares” of the PIF. This section should also provide that the identity of the ultimate beneficial owners of the holders of “Voting Shares” will be disclosed upon request;
- the Extraordinary Investor Declaration Form and the Subscription Form;
- the following text:

“[name of the fund] is licensed by the Malta Financial Services Authority (“MFSA”) as a Professional Investor Fund which is available to investors qualifying as “Extraordinary Investors”. This entails a minimum level of supervision for a Fund regulated in Malta. Professional Investor Funds are Non-Retail schemes. Therefore, the protection normally arising as a result of the imposition of the MFSA’s investment and borrowing restrictions and other requirements for retail schemes do not apply. Investors in PIFs are not protected by any statutory compensation arrangements in the event of the fund’s failure. The MFSA has made no assessment or value judgement on the soundness of the fund or for the accuracy or completeness of statements made or opinions expressed with regard to it.”

The Marketing Document should also include as an Annex, either the most recent version of the Constitutional Document of the PIF or a summary thereof. In the latter case, the Marketing Document should provide that a copy of the PIF’s Constitutional Document will be provided to prospective investors upon request. The Marketing Document or where applicable the Offering Document should be provided to prospective investors free of charge.

The Offering Document must be approved by the PIF’s Board of Directors or its external manager where this has been appointed. Following such approval, the PIF must provide a written copy to the MFSA for approval. The Authority will then be in a position to consider the contents of the offering memorandum. Similarly, any changes to the Offering Document must be approved by the Board of Directors and subsequently submitted to the MFSA for consideration prior to the actual implementation.

7. THE FEE STRUCTURE

The fee structure is set out in Appendix VI. The application fee is payable on submission of the application for preliminary indication of acceptability of a PIF. The fee is non-refundable. An annual fee is payable on the day a licence is issued and on each subsequent anniversary thereafter within 7 business days.

⁹ As applicable

8. LISTING ON A REGULATED MARKET

The term ‘regulated market’ refers to an investment exchange which has been granted a recognition order by the MFSA as competent authority. Currently, the only regulated market in Malta is the Malta Stock Exchange. A PIF (provided that it is not a private company) may apply to a regulated market for a listing.

The main benefit of arising out of a decision to list is that of enhancing the international profile of the listed security. Moreover, some institutional investors (such as pension funds) may only acquire units in a CIS that is listed. Accordingly, a listing increases the “marketability” of the PIF.

The applicable procedure for listing a PIF is the same as that for a retail scheme and is set out in Part A of the Investment Services Rules for Professional Investor Funds.

9. ANTI-MONEY LAUNDERING AND ADVERTISING RULES

Both PIFs and their functionaries must comply with applicable laws and regulations for the avoidance of money laundering – as they apply in the jurisdiction of the person who accepts the investment.

With regards to advertising, a PIF is subject to the provisions of Section 11 of the ISA which relates to investment advertisements and promotional material issued by or in respect of a PIF which must be approved by the PIF’s directors or its external manager – where one is appointed, provided the latter is a licence holder under the ISA. The marketing material should refer to the availability of the offering document. Furthermore PIFs are required to comply with the advertising requirements contained in the Rules with respect to adverts issued in or from Malta.

APPENDIX I

SUMMARISED COMPARATIVE TABLE FOR PIFs SOLD TO EXPERIENCED INVESTORS, PIFs SOLD TO QUALIFYING INVESTORS AND PIFs SOLD TO EXTRAORDINARY INVESTORS

Regulatory Requirements	PIFs sold to Experienced Investors	PIFs sold to Qualifying Investors	PIFs sold to Extraordinary Investors
Target Investors	Experienced Investors	Qualifying Investors	Extraordinary Investors
Minimum Investment	EUR10,000	EUR75,000	EUR750,000
Nominee Investments	Permissible subject to transparency of identity to the Manager/Scheme	Permissible subject to transparency of identity to the Manager/Scheme	Permissible subject to transparency of identity to the Manager/Scheme
Investment/Borrowing Restrictions	Direct borrowing for investment purposes and leverage via the use of derivatives is restricted to 100% of NAV – further details available from MFSA	None unless the fund invests in immovable property – further details from MFSA	No investment or borrowing (including leverage) restrictions other than those specified in the Offering Document/ Marketing Document.
Fit and Proper Test	Compulsory	Compulsory	Compulsory
Appointment of Parties	<ul style="list-style-type: none"> • Manager – optional if there is competence within the Board of the Fund • Advisor – Optional • Custodian/Prime Broker – Compulsory. Assuming also a monitoring role • Judicial Representative – Required if the PIF is established in Malta but is operated from abroad or if the PIF is established abroad and merely seeks a listing on a local regulated market 	<ul style="list-style-type: none"> • Manager – optional if there is competence within the Board of the Fund • Advisor – Optional • Custodian/Prime Broker – Optional. Merely required to implement proper safe-custody arrangements • Judicial Representative – Required if the PIF is established in Malta but is operated from abroad or if the PIF is established abroad and merely seeks a listing on a local regulated market 	<ul style="list-style-type: none"> • Manager – optional if there is competence within the Board of the Fund • Advisor – Optional • Custodian/Prime Broker – Optional. Merely required to implement proper safe-custody arrangements. In the absence of a custodian/prime broker the scheme is responsible for the establishment of proper arrangements of safe-keeping of assets. • Judicial Representative – Required if the PIF is established in Malta but is operated from abroad or if the PIF is established abroad and merely seeks a listing on a local regulated market
Reporting	Interim (if applicable) and Annual	Interim (if applicable) and Annual	Interim (if applicable) and Annual
Offering Document	Contents – minimum requirements prescribed	Contents – minimum requirements prescribed	Contents – minimum requirements prescribed
Timing	7 working days response – if external parties are all established in Recognised Jurisdictions	7 working days response – if external parties are all established in Recognised Jurisdictions	7 working days response – if external parties are all established in Recognised Jurisdictions

APPENDIX II

EXPERIENCED INVESTOR DECLARATION FORM

Experienced Investors are defined as persons having the expertise, experience and knowledge to be in a position to make their own investment decisions and understand the risks involved.

A PIF promoted to Experienced Investors must obtain a written declaration (the Experienced Investor Declaration Form – Appendix III Part B of the Investment Services Rules for Professional Investor Funds) from each investor (or from a duly authorised agent on behalf of such investor) stating that the investor or agent on his behalf has read and understood the Offering Document and meets (by reference to the particular limb in issue) the eligibility criteria set out below.

The PIF will be entitled to rely upon the declaration provided in the absence of information to the contrary, depending on the onus of the person selling the PIF to obtain such declaration.

The minimum investment which a PIF promoted to Experienced Investors may accept is EUR 10,000 (or its equivalent expressed in other currencies). Once the minimum investment has been made, any additional amount may be invested but the total amount invested must not at any time be less than EUR10,000 (save where this relates to a decline in the net asset value without a withdrawal or withdrawals after 6 months of investment). Nominee investors will be treated on a transparent basis.

In order to be eligible to be treated as “Experienced Investors”, investors/duly authorised agents must certify (by deleting those answers which do not apply and signing the confirmation) that they or their client are persons having the expertise, experience and knowledge to be in a position to make their own investment decisions and understand the risks involved.

Scheme: [insert name of the Scheme]

Section I: This section should be completed by the Experienced Investor or his/ her duly authorised agent
[tick as appropriate]

Name of Investor/ duly authorised agent: [insert name of the Scheme Investor/ duly authorised agent]

The investment is being made directly by the investor (not through a duly authorised agent)

- I hereby confirm that I am eligible to be treated as an “Experienced Investor”, since I satisfy the definition thereof in light of the positive response(s) that I have given to the question(s) below or the reasons supplied. I certify that I have read and understood the Offering Document including the mandatory risk warnings.

Where applicable:

- I hereby confirm that I have been warned by the Manager/ Sales Agent/ third party selling Units of the Scheme that I do not possess the necessary experience and knowledge in order to understand the risks involved in investing in the Scheme.

The investment is not being made directly by the investor but through a duly authorised agent

I hereby confirm that I have been properly appointed as a duly authorised agent of a prospective investor in the Scheme described above. I certify that my principal is eligible to be treated as an “Experienced Investor” since my principal satisfies the definition thereof in light of the positive response(s) that I have given to the question(s) below in respect of my principal or appropriate reasons provided. I certify that my principal has read and understood the Offering Document including the mandatory risk warnings.

Where applicable:

I hereby confirm that I have been warned by the Manager/ Sales Agent/ third party selling Units of the Scheme that my principal does not possess the necessary experience and knowledge in order to understand the risks involved in investing in the Scheme and that I have informed my principal accordingly.

I qualify / My Principal qualifies *[delete as applicable]* as an “Experienced Investor”, as I/ he/ she possess(es) the necessary expertise, experience and knowledge to be in a position to make my/ his/ her own investment decisions and understand the risks involved as:

		<u>Yes</u>	<u>No</u>
a	I am/ (s)he is		
	i. a person who has relevant work experience having at least worked in the financial sector for one year in a professional position or a person who has been active in these type of investments; or	<input type="checkbox"/>	<input type="checkbox"/>
	ii. a person who has reasonable experience in the acquisition and/or disposal of funds of a similar nature or risk profile, or property of the same kind as the property, or a substantial part of the property, to which the Scheme/ Sub-Fund in question relates; or	<input type="checkbox"/>	<input type="checkbox"/>
	iii. a person who has carried out investment transactions in significant size at a certain frequency (for example a person who within the past 2 years carried out transactions amounting to at least EUR50,000 at an average frequency of 3 per quarter);	<input type="checkbox"/>	<input type="checkbox"/>
	OR		
	b. [Please provide justification below]	<input type="checkbox"/>	<input type="checkbox"/>

Name of investor/ duly authorised agent	
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Signature	
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Title/ Capacity in which signed	
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Date	
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Section II: This section should be completed by the Manager/ Sales Agent/ third party selling Units of the Scheme

[tick as appropriate]

I hereby confirm that:

I have satisfied myself that the investor has the necessary experience and knowledge in order to understand the risks involved;

OR

I have **not** satisfied myself that the investor has the necessary experience and knowledge in order to understand the risks involved and that I have warned the investor/ duly authorised agent accordingly.

Name	
-------------	--

Signature	
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<i>Name of Manager/ Sales Agent/ Third Party</i>	
---	--

Date	
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APPENDIX III

QUALIFYING INVESTOR DECLARATION FORM

Professional Investor Funds (“PIF”) may only be promoted and sold to “Qualifying Investors”.

A PIF must obtain a written declaration (the Qualifying Investor Declaration Form - Appendix III Part B of the Investment Services Rules for Professional Investor Funds) from each investor (or from a duly Qualifying agent on behalf of such investor) stating that the investor or agent on his behalf has read and understood the Offering Document and meets the eligibility criteria set out below.

The PIF will be entitled to rely upon the declaration provided in the absence of information to the contrary.

The minimum investment which a PIF may accept is EUR75,000 (or its equivalent expressed in other currencies). Nominee investors will be treated on a transparent basis.

In order to be eligible to be treated as “Qualifying Investors”, investors/duly qualifying agents must certify (by deleting those answers which do not apply and signing the confirmation) that they/their client meets one or more of the criteria specified in the Qualifying Investor Declaration Form.

Scheme: *[insert name of the Scheme]*

This section should be completed by the Qualifying Investor or his/ her duly authorised agent
[tick as appropriate]

Name of Investor/ duly authorised agent: *[insert name of the Scheme Investor/ duly authorised agent]*

The investment is being made directly by the investor (not through a duly authorised agent)

I hereby confirm that I am eligible to be treated as a “Qualifying Investor”, since I satisfy the definition thereof in light of the positive response(s) that I have given to the question(s) below. I certify that I have read and understood the Offering Document including the mandatory risk warnings.

The investment is not being made directly by the investor but through a duly authorised agent

I hereby confirm that I have been properly appointed as a duly authorised agent of a prospective investor in the Scheme described above. I certify that my principal is eligible to be treated as a “Qualifying Investor” since my principal satisfies the definition thereof in light of the positive response(s) that I have given to the question(s) below in respect of my principal. I certify that my principal has read and understood the Offering Document including the mandatory risk warnings.

I qualify / My Principal qualifies *[delete as applicable]* as a “Qualifying Investor”, as I am/ he/ she/ it is:

- | | <u>Yes</u> | <u>No</u> |
|--|--------------------------|--------------------------|
| i. a body corporate which has net assets in excess of EUR750,000 or which is part of a group which has net assets in excess of EUR750,000; | <input type="checkbox"/> | <input type="checkbox"/> |
| ii. an unincorporated body of persons or association which has net | | |

	<u>Yes</u>	<u>No</u>
assets in excess of EUR750,000;	<input type="checkbox"/>	<input type="checkbox"/>
iii. a trust where the net value of the trust's assets is in excess of EUR750,000;	<input type="checkbox"/>	<input type="checkbox"/>
iv. an individual, or in the case of a body corporate, the majority of its Board of Directors or in the case of a partnership its General Partner, who has reasonable experience in the acquisition and/or disposal of funds of a similar nature or risk profile; or property of the same kind as the property, or a substantial part of the property, to which the Scheme in question relates;	<input type="checkbox"/>	<input type="checkbox"/>
v. an individual whose net worth or joint net worth with that person's spouse, exceeds EUR750,000;	<input type="checkbox"/>	<input type="checkbox"/>
vi. a senior employee or director of service providers to the Scheme;	<input type="checkbox"/>	<input type="checkbox"/>
vii. a relation or a close friend of the promoters;	<input type="checkbox"/>	<input type="checkbox"/>
viii. an entity with (or which are part of a group with) EUR3.75 million or more under discretionary management investing on its own account;	<input type="checkbox"/>	<input type="checkbox"/>
ix. a PIF promoted to Qualifying or Extraordinary Investors; or	<input type="checkbox"/>	<input type="checkbox"/>
x. an entity (body corporate or partnership) wholly owned by persons or entities satisfying any of the criteria listed above which is used as an investment vehicle by such persons or entities.	<input type="checkbox"/>	<input type="checkbox"/>

Name of investor/ duly authorised agent	
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Signature	
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Title/ Capacity in which signed	
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Date	
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APPENDIX IV

EXTRAORDINARY INVESTOR DECLARATION FORM

Extraordinary Investors are defined as persons having the expertise, experience and knowledge to be in position to make their own investment decisions and understand the risks involved.

A PIF promoted to Extraordinary Investors must obtain a written declaration (the Extraordinary Investor Declaration Form - Appendix III Part B of the Investment Services Rules for Professional Investor Funds) from each investor (or from a duly authorised agent on behalf of such investor) stating that the investor or agent on his behalf has read and understood the Offering Document and meets (by reference to the particular limb in issue) the eligibility criteria set out below.

The PIF is entitled to rely upon the declaration provided in the absence of information to the contrary, depending on the onus of the person selling the PIF to obtain such declaration.

The minimum investment which a PIF promoted to Extraordinary Investors may accept is EUR750,000 (or its equivalent expressed in other currencies). Once the minimum investment has been made, any additional amount may be invested but the total amount invested must not at any time be less than EUR750,000. Nominee investors will be treated on a transparent basis.

In order to be eligible to be treated as "Extraordinary Investors", investors/duly authorised agents must certify (by deleting those answers which do not apply and signing the confirmation) that they or their client are persons having the expertise, experience and knowledge to be in a position to make their own investment decisions and understand the risks involved.

Scheme: *[insert name of the Scheme]*

This section should be completed by the Extraordinary Investor or his/ her duly authorised agent
[tick as appropriate]

Name of Investor/ duly authorised agent: *[insert name of the Scheme Investor/ duly authorised agent]*

The investment is being made directly by the investor (not through a duly authorised agent)

I hereby confirm that I am eligible to be treated as an "Extraordinary Investor", since I satisfy the definition thereof in light of the positive response(s) that I have given to the question(s) below. I certify that I have read and understood the Offering Document/ Marketing Document including the mandatory risk warnings.

The investment is not being made directly by the investor but through a duly authorised agent

I hereby confirm that I have been properly appointed as a duly authorised agent of a prospective investor in the Scheme described above. I certify that my principal is eligible to be treated as an "Extraordinary Investor" since my principal satisfies the definition thereof in light of the positive response(s) that I have given to the question(s) below in respect of my principal. I certify that my principal has read and understood the Offering Document/ Marketing Document including the mandatory risk warnings.

I qualify / My Principal qualifies *[delete as applicable]* as an "Extraordinary Investor", as I am/ he/ she/ it is:

	<u>Yes</u>	<u>No</u>
i. a body corporate, which has net assets in excess of EUR7.5 million or which is part of a group which has net assets in excess of EUR7.5 million;	<input type="checkbox"/>	<input type="checkbox"/>
ii. an unincorporated body of persons or association which has net assets in excess of EUR7.5 million;	<input type="checkbox"/>	<input type="checkbox"/>
iii. a trust where the net value of the trust's assets is in excess of EUR7.5 million;	<input type="checkbox"/>	<input type="checkbox"/>
iv. an individual whose net worth or joint net worth with that person's spouse, exceeds EUR7.5 million;	<input type="checkbox"/>	<input type="checkbox"/>
v. a senior employee or director of service providers to the Scheme;	<input type="checkbox"/>	<input type="checkbox"/>
vi. a PIF promoted to Extraordinary Investors;	<input type="checkbox"/>	<input type="checkbox"/>
vii. an entity (body corporate or partnership) wholly owned by persons or entities satisfying any of the criteria listed above which is used as an investment vehicle by such persons or entities.	<input type="checkbox"/>	<input type="checkbox"/>

Name of investor/ duly authorised agent	
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Signature	
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Title/ Capacity in which signed	
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Date	
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Application for a Licence to operate a Professional Investor Fund

A copy of the application form can be downloaded from the MFSA website. Completed Forms together with the accompanying fee of EUR 1,500 for the Scheme and EUR 1,000 per sub-fund should be submitted to the attention of the **Director, Authorisation Unit, Malta Financial Services Authority, Attard BKR3000, Malta.**

A copy of the application form is being annexed to this Brochure.

APPENDIX V

THE OFFERING DOCUMENT

All PIFs must have an Offering Document (“the Document”) for which the PIF (and/or its Manager) is to be responsible. The purpose of the Document is to provide sufficient information to enable a potential Experienced, Qualifying and/or Extraordinary Investors to make an informed investment decision.

The Document must contain all material information which at the date of the Offering Document is within the knowledge of the Scheme’s Board of Directors¹⁰, General Partner(s)¹¹ or Manager¹² to be relevant for the purpose of making an informed judgement about the merits of participating in the Scheme and the extent of the risks accepted by so participating. The Offering Document shall include the following information:

1. Information concerning the Scheme

- i. The following statements – which must be in a prominent position printed in font whose pitch is at least 12:
 - “[name of the Scheme] is licensed by the Malta Financial Services Authority (“MFSA”) as a Professional Investor Fund which is available to investors qualifying as Experienced Investors/ Qualifying Investors/ Extraordinary Investors [delete as appropriate].
 - Professional Investor Funds are Non-Retail schemes. Therefore, the protection normally arising as a result of the imposition of the MFSA’s investment and borrowing restrictions and other requirements for retail schemes do not apply.
 - Investors in PIFs are not protected by any statutory compensation arrangements in the event of the fund’s failure.
 - The MFSA has made no assessment or value judgment on the soundness of the fund or for the accuracy or completeness of statements made or opinions expressed with regard to it.”
- ii. In the case of PIFs targeting Extraordinary Investors, the Offering Memorandum should also provide that: “PIFs targeting Extraordinary Investors are subject to the minimum level of supervision for a Fund regulated in Malta.”
- iii. A statement that the Scheme’s Board of Directors¹³, General Partner(s)¹⁴ or Manager¹⁵ confirm their approval of the content of the Offering Document.
- iv. Name of the Scheme.
- v. Date of establishment of the Scheme and a statement as to its duration, if limited.
- vi. Name or style, form in law and registered office.

¹⁰ in the case of a Scheme set up as an investment company

¹¹ in the case of a Scheme set up as a limited partnership

¹² in the case of a Scheme set up as a unit trust or a common contractual fund

¹³ in the case of a Scheme set up as an investment company

¹⁴ in the case of a Scheme set up as a limited partnership

¹⁵ in the case of a Scheme set up as a unit trust or a common contractual fund

- vii. In the case of an umbrella Scheme, an indication of the Sub-Funds.
- viii. The investment objectives, policies and restrictions of the Scheme, together with the extent of use of leverage. In the case of an umbrella Scheme, this information must be provided for each Sub-Fund.
- ix. A statement indicating that:
 - changes to the investment policies and restrictions of the Scheme, or in the case of an umbrella Scheme, its Sub-Funds, shall be notified to investors in advance of the change.
 - changes to the investment objectives of the Scheme, or in the case of an umbrella Scheme its Sub-Funds, shall be notified to investors in advance of the change. The change in the investment objectives will only become effective after all redemption requests received during such notice period, have been satisfied.
- x. Accounting and distribution dates.
- xi. Name of auditor.
- xii. Details of the types and main characteristics of the Units and in particular:
 - the nature of the right represented by the Unit;
 - indication of the voting rights, if any of the holders of Units.
- xiii. A Statement – where the Scheme has issued “Voting Shares” to the promoters and “non Voting Shares” to prospective Investors – identifying the holders of the “Voting Shares” of the Scheme. In the event that the “Voting Shares” are held by a Corporate Entity or a Trustee, the Offering Document may include the name of the said Corporate Entity/ Trustee without disclosing the names of the individual beneficial owners/ beneficiaries. The Offering Document would also need to state that the identity of the ultimate beneficial owners of the holders of “Voting Shares” will be disclosed upon request.
- xiv. Procedures and conditions for the creation, issue and sale of Units.
- xv. Procedures and conditions for the repurchase, redemption and cancellation of Units, and details of the circumstances in which repurchase or redemption may be suspended.
- xvi. Rules for the valuation of assets.
- xvii. Method to be used for the determination of the creation, sale and issue prices and the repurchase, redemption and cancellation prices of Units, in particular:
 - the method and frequency of the calculation of the net asset value;
 - information concerning the charges relating to the sale or issue and the repurchase or redemption of Units; and
 - arrangements whereby holders of Units and prospective holders of Units may deal.
- xviii. In the case of an umbrella Scheme, the charges applicable to the switching of investments from one Sub-Fund to another.
- xix. Information concerning the nature, amount and the basis of calculation in respect of remuneration payable by the Scheme to the Manager (or in the case of a Self Managed Scheme,

the Investment Committee), Administrator, Custodian, Adviser, and to third parties, and in respect of the reimbursement of costs by the Scheme to the Manager, to the Custodian and to third parties.

- xx. In the case of a Scheme set up as an investment company, the amounts of authorised and paid-up share capital.
- xxi. In the case of a Scheme set up as an investment company, brief details of the members of the Board of Directors of the Scheme. Where the Scheme has appointed one or more Corporate Directors, this section should include brief details on the Corporate Director and its directors, including a brief description of the nature/objects of the company. In the case of a Corporate Director with nominee shareholders and directors, this section should either disclose the ultimate beneficial owners of the Corporate Director or include a statement that such information will be available upon request.
- xxii. In the case of a Scheme set up as a limited partnership, brief details of the General Partner/s. Where the Scheme has appointed one or more Corporate General Partner/s, this section should include brief details on the Corporate General Partner/s and its directors, including a brief description of the nature/ objects of the company. In the case of Corporate General Partner/s with nominee shareholders and directors, this section should either disclose the ultimate beneficial owners of the Corporate General Partner/s or include a statement that such information will be available upon request

Information concerning the Manager, Investment Adviser, Administrator, Custodian/Prime Broker (where applicable) (“the Service Provider”)

- i. Name or style, registered office and head office.
- ii. If the Service Provider is part of a group, the name of that group.
- iii. Regulatory Status of the Service Provider.
- iv. In the case of the Investment Adviser or the Administrator a statement whether the Investment Adviser/ the Administrator is appointed by the Scheme or the Manager.
- v. Where one or more Service Provider has not to be appointed, a description should be provided concerning how the functions normally undertaken by each functionary will be carried out e.g. if a Custodian/Prime Broker is not appointed, the Offering Document should include a description of the safekeeping arrangements that will be put in place with respect to the assets of the Scheme.
- vi. In the case of a Self Managed Scheme, details of the members of the Investment Committee, including an overview of their experience and expertise together with an outline of the person(s) responsible for the day to day management of the assets of the Scheme.

Information concerning the Local Representative

- i. Name, registered office and head office, if different from registered office.

- ii. Main activities.

Risk Warnings

- i. This section should provide a detailed and clear indication of the principal risks associated with investing in the Scheme.

General Information

- i. A description of the potential conflicts of interest which could arise between the Manager, or the Investment Adviser, or the Custodian/ Prime Broker, and the Scheme.
- ii. The name of any entity which has been contracted by the Manager or the Scheme to carry out its work.
- iii. Information concerning the arrangements for making payments to holders of Units, purchasing or redeeming Units and making available information concerning the Scheme.
- iv. Where applicable, an indication that the Scheme will use Trading Companies or Special Purpose Vehicles as part of its investment strategy.

2. Closed ended schemes set up as Professional Investor Funds which make an offer of securities to the public

- 2.1 Closed ended schemes set up as Professional Investor Funds targeting Experienced Investors which make an offer of securities to the public shall:
 - not be subject to the requirements outlined in Section 1 of this Appendix; and
 - draw up their Offering Document in line with the requirements of Schedule C of Appendix 9 to the current Investment Services Rules for Recognised Persons and Retail Collective Investment Schemes.
- 2.2 The Offering Document shall be made available to Experienced Investors as soon as practicable and in any case, within a reasonable time in advance of, and at the latest, at the beginning of the offer of Units. In the case of an initial offer of Units in a closed ended Scheme not already admitted to trading on a Regulated Market that is to be admitted to trading for the first time, the Offering Document shall be available at least six working days before offer opens.
- 2.3 Where the Offering Document is made available by publication in electronic form, a paper copy must nevertheless be delivered to the investor, upon his request and free of charge, by the Scheme or the financial intermediaries placing or selling the Scheme's Units. The Offering Document of the Scheme must be made available in a printed form at the registered office of the Scheme or its manager or other financial intermediaries placing or selling the Units in the Scheme.
- 2.4 The Directors of the Scheme, or its administrative management or supervisory body – whose names and functions or in the case of legal persons their names and registered offices appear on the Offering Document – must include a declaration in the Offering Document to the effect that

to the best of their knowledge the information contained therein is in accordance with facts and that the Offering Document makes no omission likely to effect its import.

- 2.5 The text and the format of the Offering Document, and/or the supplements to the Offering Document, published or made available to the public, shall at all times be identical to the latest version approved by the MFSA.
- 2.4 Every significant new factor, material mistake or inaccuracy relating to the information included in an Offering Document of the Scheme which is capable of affecting the investors' assessment of the Units on offer and which arises or is noted between the time when the Offering Document is approved and the final closing of the offer to the public or, as the case may be, the time when trading on a Regulated Market begins, shall be mentioned in a supplement to the Offering Document. Such a supplement shall be approved in the same way within a maximum of seven working days and published in accordance with at least the same arrangements as were applied when the original Offering Document was published. The summary, and any translations thereof, shall also be supplemented, if necessary to take into account the new information included in the supplement. Investors who have already agreed to purchase or subscribe for the Units before the supplement is published shall have the right, exercisable within a time limit which shall not be shorter than two working days after the publication of the supplement, to withdraw their acceptances.
- 2.5 If there are significant new factors, material mistakes or inaccuracies, arising since the approval of the Offering Document, the Scheme shall publish a supplement which must be approved by the MFSA.
- 2.6 The Scheme shall comply with the requirements laid out in Regulations 3 to 8 of the Investment Services Act (Prospectus of Collective Investment Schemes) Regulations, 2005.

APPENDIX VI

THE FEE STRUCTURE

	Application Fee <i>EUR</i>	Annual Fee <i>EUR</i>
Preliminary Indication of Acceptability of a PIF	600	Nil
Scheme	1,500	1,500
Additional Sub-funds (per sub-fund)	1,000	500

APPENDIX VII

LISTING OF A COLLECTIVE INVESTMENT SCHEME ON THE MALTA STOCK EXCHANGE

The following summary should be read in conjunction with the Listing Rules published by the Listing Authority at the MFSA.

- 1 There are two types of listing - viz. - Primary and Secondary.
- 2 A CIS cannot be listed unless it first applies for authorisation for Admissibility to Listing in accordance with the application form in Appendix 8.1 of the Listing Rules. When a formal application for authorisation for Admissibility to Listing is made to the Listing Authority concurrently with the submission to the MFSA of an application for a licence pursuant to the provisions of the Investment Services Act, the Listing Authority shall consider such application for authorisation for Admissibility to Listing 'provided that in the case of a Collective Investment Scheme established under the laws of Malta or established in a Recognised Jurisdiction and which is to be marketed in Malta, the Listing Authority shall only issue the authorisation for Admissibility to Listing under this section after licensing by the MFSA of the collective investment scheme. A foreign CIS does not require a CIS license in order to be listed. The procedure set out in Appendix III applies in respect of Licensing.. At the outset, the MFSA will request permission from the applicant to copy all communication concerning licensing to the Listing Authority so that when the licensing procedure has been completed, the Listing Authority will already be aware of relevant information. This avoids duplication of effort and saves time.
- 3 It will be necessary to appoint a member of the Exchange to act as sponsor - Sponsoring Broker - a local Stockbroker whose job includes submission of the application for listing to the Listing Authority. A copy of the list of brokers in Malta is available on request.
- 4 Further, the Auditor, Manager and Custodian/Trustee appointed must be acceptable to the Listing Authority.

The minimum NAV of the CIS must be at least EUR1.14m.

Annual audited accounts are required.

- 5 The broker must lodge an Advance Booking Form with the Listing Authority and subsequently the Formal Application for Listing - which includes a Listing Agreement (an undertaking to comply with the continuing obligations).

A listing document or a Prospectus must be lodged.

- 6 In respect of Secondary listings, the applicant must:
 - *Hold a Primary Listing on an exchange which is acceptable to the Listing Authority;*
 - *Satisfy the Listing Authority that it is suitable for listing;*
 - *Produce a Certificate of Compliance from the exchange where it has a Primary Listing;*

and

- Submit documentation previously filed with the exchange where it has a Primary Listing.

Once listed, the continuing obligations for Secondary listings are essentially limited to ensuring that future disclosures to the Exchange where the Fund holds a Primary Listing are simultaneously submitted to the MSE.

7 The essential distinction between Primary and Secondary Listings is, therefore, in the level of Continuous Obligations that the Exchange requires of a Listed Fund.

Listing Fees – Payable to the MFSA				
<i>The application for listing must be accompanied by the payment of an initial and non-refundable listing fee as shown below. The initial fee is payable to the MFSA as the Listing Authority. The annual listing fee which is payable to the MSE, is payable in advance within one month of the Scheme obtaining a listing and subsequently within one month of the anniversary of the listing.</i>				
	APPLICATION FEE EUR		APPLICATION FEE GBP¹⁶	
The Scheme	1,649.69		1,484.25	
Schedule of Fees – Payable to the Malta Stock Exchange				
<i>Listed below are the annual admission fees payable to the Malta Stock Exchange. These are paid immediately upon admission, one year in advance and subsequently paid within one month of the anniversary of admission.</i>				
	Application Fee EUR	Annual Fee EUR	Application Fee GBP¹⁷	Annual Fee GBP
Scheme	1,160.00	1,160.00	1045	1045
On the first five sub-funds	1,160.00	1,160.00	1045	1045
On the next 5 Sub-funds <i>i.e. the 6th to the 10th</i>	930.00 per sub-fund	930.00 per sub-fund	836 per sub-fund	836 per sub-fund
On the next 5 Sub-funds <i>i.e. the 11th to the 15th</i>	695.00 per sub-fund	695.00 per sub-fund	625 per sub-fund	625 per sub-fund
Thereafter	495.00 per sub-fund	495.00 per sub-fund	445 per sub-fund	445 per sub-fund
<i>If the CIS is given a Secondary listing on the Malta Stock Exchange, the fees due to the MFSA and the MSE will be equivalent to 50% of the rates due in respect of a Primary listing.</i>				

Further information may be obtained from:

**The General Manager, Malta Stock Exchange, Garrison Chapel, Castille Place, Valletta, CMR01, Malta
Tel.: (+356) 21 244051/5; 21 235733/5; Fax: (+356) 25696316;**

Website: www.borzamalta.com or E-mail: borza@borzamalta.com.mt.

¹⁶ Approximate GBP equivalent

¹⁷ Approximate GBP equivalent

Malta Financial Services Authority
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MFSA

MALTA FINANCIAL SERVICES AUTHORITY