Collaboration is key to success

By *Oliver.bradley*
Created *06/09/2010 - 14:54*

Whereas in some jurisdictions the regulator is viewed as an adversary or a hindrance to business, in Malta the regulatory regime is a product of genuine collaboration between the industry and the regulator. Joseph Saliba, a partner at Valletta-based law firm Mamo TCV Advocates, says this makes for a more flexible and entrepreneurial regime, but one that does not compromise on international standards in Malta's quest to provide strong competition to Luxembourg and Ireland.

Mr Saliba points out that even the less regulated category of professional investor funds targeted at institutional investors (Extraordinary Investor Funds) need a licence and are subject to regulation which is appropriate to the level of protection needed by the relevant investors. "Malta has over the years secured for itself a reputation of being a jurisdiction with a very well-balanced combination of high standards of regulation and, at the same time, flexibility and responsiveness to industry needs," says Mr Saliba.

The Malta Financial Services Authority encourages an initial informality which leads to better outcomes when the formal stage of discussions is reached. The MFSA itself instigates preliminary meetings with the promoters of funds and other financial services businesses at which all participants can discuss a proposal, its structuring and the licence conditions which are expected to apply. "Promoters find these meetings to be very helpful and interactive in identifying the manner in which the promoterÕs project can be best accommodated," says Mr Saliba.

Legislative amendment proposals in the financial services sector are in general piloted and driven by the MFSA up to parliamentary approval stage and aim to address the needs of promoters and investors as they arise. The MFSA is also conscious of the time pressures and constraints of fund promoters to seize attractive but volatile opportunities and is committed to delivering responses and issuing licences in reasonably short periods of time, says Mr Saliba. This is usually within three to four weeks from the receipt of the requested documentation in respect to Experienced and Qualifying Investor Funds and three days for Extraordinary InvestorÊFunds.

The MFSA does not act alone in providing flexibility for the increasing number of funds wishing to launch and domicile in Malta. The Malta Stock Exchange (MSE) has a high level of regulation and transparency and its fees are competitive. "The processing of both primary and secondary listings is relatively smooth and fast," says Mr Saliba. "This offers excellent and cost-efficient opportunities for fund promoters to offer investors the advantages typically afforded by a fund listing at a recognised and reputable exchange."

These advantages include: the creation of secondary market liquidity for investors in funds (particularly closed ended funds and Exchange Traded Funds); the enhancement of the reputation and profile of the fund through the added disclosure and transparency requirements of the listing. This is one of the main reasons for open ended collective investment schemes applying for a listing (even though not necessarily trading) on the MSE.

The MSE has also been active in setting up new technical links with foreign exchanges and depositories and settlement systems. "It is also reviewing the frameworks for listed funds to cater for markets and products still not well served by some other exchanges in Europe and elsewhere" adds Mr Saliba.

Please click here to access the full special report on Malta Hedge Fund Services 2010 [1]

- Special Reports

Copyright © 2009 Hedgemedia Ltd. All Rights Reserved

Source URL: http://www.hedgeweek.com/2010/09/06/60321/collaboration-key-success

Links:
[1] http://www.hedgeweek.com/special/malta-hedge-fund-services-2010

Copyright © 2009 Hedgemedia Ltd. All Rights Reserved