Robust and flexible regulatory regime

By *Oliver.bradley*
Created *06/09/2010 - 16:04*

At a time when the proposed Alternative Investment Fund Managers Directive (AIFMD) is one of the main themes being discussed in the regulatory sphere, fund managers are evaluating more carefully the options available when launching funds. One of these options is the choice of jurisdiction and it is becoming an increasingly important consideration. Will the fund manager establish a fund in or outside the EU? The question is most important when the target investor base is within the EU.

In deciding the country of domicile, the legal and regulatory framework must be analysed. The Malta regulatory regime is robust and flexible and allows for the two main types of investment funds: retail Funds – either UCITS funds or non-UCITS retail funds; Professional Investor Funds – the three categories are Experienced, Qualifying and Extraordinary Investor Funds.

Retail funds are understandably subject to a stricter regulatory regime than PIFs and the custodian has regulatory and fiduciary obligations which inter alia involve the monitoring of compliance with investment restrictions and the verification of NAV.

On the other hand, PIFs are marketed to high net worth individuals and institutional investors so the role of the custodian is subject to a lower degree of oversight vis a vis the manager and administrator. In fact, only for Experienced Investor Funds does the custodian have the regulatory obligation to monitor compliance with investment restrictions. Whether a UCITS or Professional Investor Fund, HSBC Bank Malta Group (HSBC Malta) says it is well-placed to offer services ranging from fund administration, investor services, corporate secretarial and, of course, custody.

HSBC Malta is the only global custodian on the island that offers global reach – through the HSBC global custody network. HSBC operates in 92 countries with one of the largest proprietary sub-custody networks in 42 markets. Apart from this global footprint, any fund using the HSBC Group knows it is being serviced by a custodian with one of the strongest balance sheets in the industry and with a solid reputation for control and compliance.

HSBC Malta’s Sub-Custody and Clearing business was built on the existing securities services within HSBC Bank Malta and it has grown to become a major provider of custody and clearing services to banks, global custodians and other institutional investors on the Malta Stock Exchange. These operations benefit from the strong presence of HSBC in Malta as well as its long-term relationship with regulators in Malta. HSBC Malta also provides custody and nominee services to the retail sector.

Ongoing investment in technology and human resources is central to HSBC Malta’s strategy. It uses the HSBC Group’s HUB Securities System, which is a securities processing system that integrates with the group’s core banking system. It also provides its fund clients with HSBCnet, a web-based delivery platform that offers a range of flexible financial solutions. HSBC attaches importance to compliance monitoring and regularly reviews and upgrades its systems to ensure they meet regulatory requirements.

From a human resources perspective, HSBC Malta adopts strategies to train, motivate and retain the best talent. HSBC Malta has embarked upon a programme to provide training of its staff in one of the group’s main fund centres in Europe.

As Malta’s funds business continues to grow in number and stature and make further headway, other custodians will most likely set up in Malta. HSBC Malta says it is well placed to meet the challenges. It believes competition would be beneficial for the industry as a whole.

Copyright © 2009 Hedgemedia Ltd. All Rights Reserved

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

- Special Reports

Source URL: http://www.hedgeweek.com/2010/09/06/60323/robust-and-flexible-regulatory-regime

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

Copyright © 2009 Hedgemedia Ltd. All Rights Reserved