



The Maltese fulcrum – the experts on why they're flocking to Malta

MARTIN CORNISH, KATTEN MUCHIN ROSENMAN CORNISH

As hedge funds start to look for more traditional onshore investors (both institutional and private) as opposed to relying on investors in offshore centres they're dealing with 'real people who pay tax' and they need to show they are complying with local marketing and other rules and providing the investor with a tax-efficient product. All of that drives you to say onshore is becoming more acceptable and useable than offshore. We are finding more people looking at places like Malta because it's in the EU but it doesn't have a backlog of applicants (the regulator can turn things round in a couple of weeks in many cases); and Malta does not insist on local service providers for their professional investor funds (unlike Jersey and Guernsey, for example) Moreover, the local costs compare well with Cayman/BVI and certainly are significantly lower than Dublin or even Bermuda.



PETER ASTLEFORD, DECHERT LLP

Malta is flexible and friendly. However, for those who view Malta as a short-cut destination, it is very detailed in its regulation and thorough for professional and institutional-type players who want a domicile in the EU. Things tend to happen faster and more flexibly than in domiciles like Dublin, which can sometimes be slow and less user-friendly. The Channel Islands are in an increasingly difficult position not being in the EU, and it will become easier for places like Malta, which are. In the early days of Malta establishing itself, there may be a play-off in which you get the advantage of a more flexible and easier-to-use regime but there may be some lack of knowledge...of Malta as a fund centre. But when you talk to investors over time, that lack of familiarity with Malta will disappear.



DERMOT BUTLER, CUSTOM HOUSE

The last time you asked me about Malta, I suggested that there may well be a shift in sentiment towards Malta, not only because it's an EC 'onshore' centre, but also because it has a meaningful price advantage. Today, both of those advantages still apply, but in addition, it now has much greater credibility because several hedge funds have been launched from Malta. These include one very complex fund structured for a North American institution, and designed to provide the security of a fund vehicle with the flexibility of a broadly diversified portfolio of managed accounts. This was done by creating a master-feeder fund with the master consisting of a multi-segregated-cell fund company, with each segregated-cell fund representing a ring-fenced account.



SHAUN WALLIS, HSBC MALTA

There is a high customer service ethos in Malta and the whole philosophy is one of treating customers in a very customer-friendly way. Businesspeople can pick up the phone and speak to the government and can get a meeting quickly with the authorities, discuss their issues and conduct discussions rapidly. There are a lot of funds coming to Malta, not just hedge funds, choosing Malta over other jurisdictions, which may be seen as more bureaucratic and expensive.



HSBC came to Malta via the HSBC group buying 70.3% of Malta's Mid Med Bank in the latter's privatisation in 1999.

MAX GANADO, JM GANADO & ASSOCIATES

There are a few misconceptions that need to be cleared up from the start, and one is that Malta is a tax haven. It is not, and it has not been for some time, and there is not a standard of confidentiality that is equivalent to tax havens', and Malta's anti-money laundering (AML) is up to date, and implemented and enforced. You have limited levels both of confidentiality and of tax exemption, which is the basis of the system. There is a feeling the industry is moving onshore and if you go onshore as well, in a highly regulated jurisdiction it will be crucial to the business model going forward. It becomes an issue of credibility.



TUSHAR PATEL, HFIM

With investors' growing preference for onshore structures and requirements for proper standards of regulatory oversight and processes and for managers to reach a broader investor base, Malta looks set to become a very attractive EU jurisdiction. Malta's prompt regulatory process, experienced lawyers, auditors, service providers and skilled workforce and EU-compliant legal, tax regime and listing rules, has the making of a leading jurisdiction. Malta's PIF regulations allow expansion of fund offerings through one legal entity with individual segregated cells for each fund; offer leveraged funds to qualified investors with at least \$100,000 and un-leveraged funds to experienced investors with at least \$20,000.



FRANK VAN OERS, TMF

When you're looking at domiciles, you look at whether the legislation is sufficient – that is something that is very important – and also the speed, the turnaround time for getting a licence, and getting feedback from government officials, staffing and the ability to get office space. Of course, TMF is a huge organisation, so (the staff in Malta) can also fall back on the organisation. If there is a problem, we can fly people in, for example, but we prefer to train people to the level we need them at, rather than to give all the work back to us and we then do it in the Netherlands.

(Dutch fund administrator TMF is currently in the process of applying for a licence from the MFSA, and planning to open its Valetta office on 1 September. Malta will be the 44th country in which TMF has an office, having recently opened through South America and Australasia including China.)

JOE CAMILLERI, PwC

Investors are becoming increasingly sensitive to the location of investment funds and their managers. Furthermore, financial services is the fastest growing sector of the Maltese economy and the creation of the MFSA as a single regulator was a structured part of Malta's long-term strategy to create a mainstream finance centre in the country. Companies have benefited from a reduction in bureaucracy, streamlined procedures, lower fees and compliance costs and a more consistent implementation of standards. This, together with Malta's accession to the EU in May 2004, makes Malta an attractive alternative location for the registration of new funds or the redomiciliation of existing funds.



JESMOND MIZZI, JMFS

Dealing with different providers from different jurisdictions from an administration point of view and being a client of both fund managers in Dublin and Luxembourg, and Malta, from the set-up and ongoing competitiveness I find Malta much better. You have firms such as HSBC and Valetta Fund Management here, if you compare some of the very largest names we find in back-office operations overseas with the local providers, we have fewer issues with the administrators locally, I think clearly their can-do attitude works. In Malta, we see local players' ability to promote the large brands overseas, winning responsibility to promote products elsewhere.

