

# Malta: A springboard for investment in Europe

Dubai Chamber of Commerce

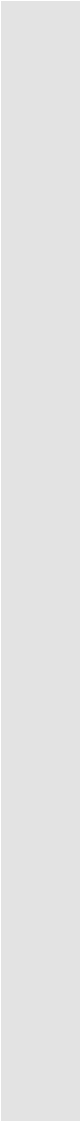
21 November 2016





$< 500,000$

$> 500,000,000$



# Why Malta?

- Strategic geographical location
- Mixed Legal System (Civil Law / Common Law)
- Company law based on English company law
- Fully-fledged member of the European Union (EU)
- Euro as its currency
- First in transposition of EU laws
- Offers potential benefits of fully developed European financial services framework
- Possibility of European Passporting
- Sovereign Long-term Credit Ratings
  - Fitch: **A** (August 2016)
  - Moody's: **A3** (September 2016)
  - S&Ps: **A-** (October 2016)
- One of the most attractive tax systems in EU

# Why Malta?

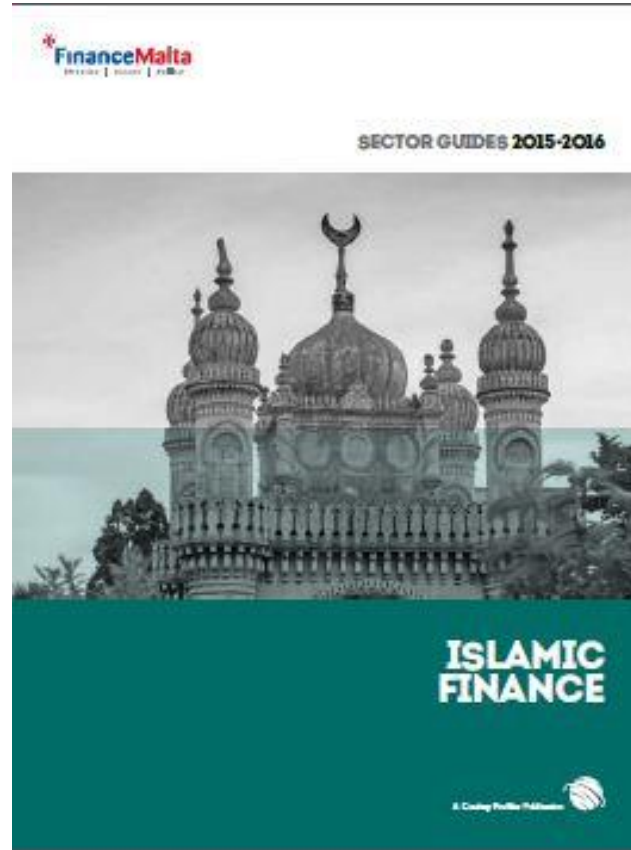
- European regulatory framework, but flexible, straightforward, efficient and responsive
- Efficient and inexpensive licensing process
- Elite IT, professional and other support services
- Strong economic and political climate
- One of the best places to live and learn in Europe



# Why Malta?

- Fabulous all-year round weather
- Rich legacy of historical buildings and architectural gems
- Various perfect spots for sports (sailing, golf, scuba diving or snorkelling)
- Relatively low cost of living in Malta
- First class healthcare services
- High quality education
- Wide range of properties available to rent or purchase
- Most entertainment hubs always within walking distance
- English being an official language
- Easy to travel week in, week out
- Various residence programmes available

# Islamic Finance in Malta



# Islamic Finance in Malta

- New dimension to successful business model as a financial centre of excellence.
- Proximity to most attractive potential markets (Turkey, North Africa and European Muslims).
- MFSA Consultation Document in 2008 on Banking & Securities (Sukuk Bonds and Islamic Insurance to follow).
- Expert Group appointed which identified major issues
- 2010: Guidance Notes
- Malta as an alternative fund domicile, adding layer upon layer of fund products and services.
- Opportunity to provide asset managers specialised in Islamic funds with full access to European market and, through it, global market.
- Only EU regulator to have issued similar notes.



# Shariah-Compliant Funds

- Level playing field – regulated in same manner as conventional funds in same category
- Risk-spreading principle (except if exempt under proviso)
- Fund's managing body responsible for compliance with Shariah principles
  - Rules relating to appointment of **Shariah Advisory Board**
  - Rules relating to disclosures in **Offering Memorandum** and **audited financial statements**
- Shariah guidelines must also comply with prevailing regulatory and statutory requirements
- Islamic **equity** funds
  - Retail (UCITS or non-UCITS)
  - PIF
- **Ijarah, Commodity** and **Murabaha** funds
  - Only PIF

# Sukuk

- Malta PM quoted by CPI Financial: Government considering whether it should issue sovereign *sukuk* to give a political message that this is the sort of instrument Malta was in favour of.
- Government commitment in Budget documentation
- High-Level Working Group on feasibility of issuing sovereign *sukuk*
- Likely to be based on UK model
- No material obstacles to the issuance of a sovereign *sukuk* by Government of Malta



# MSE Shariah-compliant index

- Uses a basis of 1,000 as at 01/01/16
- 23 traded equities screened for Shariah-compliance
- Quarterly screening
- MSE: *"first step to establishing Malta as a centre for Islamic finance products, with a view to attracting the Sharia compliant equities and Sukuk instruments that could be listed and traded here in Malta, or listed in Malta, whilst enjoying the benefits of a regulated EU jurisdiction"*







Perhaps it is Malta's everlasting vocation, as a centuries-old trading post in the middle of the Mediterranean, to act as the melting pot of conventional finance and the workings of Islamic finance, a bridge between Europe and the Middle East.

# Thank you



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