

Re-domiciliation of Investment Funds to Malta

Investment Funds in Malta

Since 2002, Malta introduced a legislation enabling the re-domiciliation of corporate bodies. In doing so, a fund established as an investment company in another jurisdiction may continue to exist in Malta, subject to meeting certain conditions and does not need to wind up in its country of incorporation.

Through re-domiciliation, the Maltese regime allows funds to have certain service providers based in other jurisdictions that are recognised by the MFSA. As a result, funds can move from a jurisdiction without having to renegotiate management or administration contracts; transfer of assets does not take place and the status of unit holders remains unchanged. Unlike certain jurisdictions, Malta also provides a clear exit route, allowing funds to re-domicile out of Malta should the promoters wish to do so.

Re-domiciling to Malta

Maltese law permits foreign entities to re-domicile their business to Malta if:

- The entity is formed and registered in an approved jurisdiction;
- The entity is not in the process of dissolution or winding up;
- The entity is able to adopt a similar corporate structure, such as an investment company or cell company;
- The constitutive documents of the entity allow re-domiciliation.

Advantages of Re-domiciliation of Funds to Malta

There are numerous advantages to re-domiciling in Malta. Some of these include:

- No need to wind up the existing fund and set up a new structure in Malta (thereby preserving the fund's track record);
- Investors' gains/losses are not crystallised and there should not be any tax consequences to investors;
- The fund is able to maintain the same service providers and existing contacts remain in force;
- The portfolio of the fund can continue to be managed in the same manner without any liquidations or transfers;
- Funds that are listed outside of Malta can continue to retain their listing (on the condition that the exchange where the fund is listed agrees to it).

The Process

If a fund wishes to re-domicile, the following steps must be taken:

- An application for a Collective Investment Scheme has to be submitted to the MFSA. Applications may be submitted in draft form and will be reviewed by the Authority;
- The Malta Business Registry has to be informed about the re-domiciliation;
- The Authority will perform the relevant due diligence enquiries, including contacting the regulator of the overseas scheme;

- The MFSA will overview the draft documentation provided and proceed to use an "in principle" approval following resolution of any significant issues arising from the application;
- The relevant documentation will then be finalised by the promoters, which is required by the authorisation unit of the MFSA and the Registrar of Companies;
- Subject to satisfactory resolution of all requirements communicated by the authorisation unit and the Malta Business Registry, the scheme will be licensed on the same date that it is re-domiciled in Malta.

For more information on how Zeta can assist you please contact our Business Development department on bd@zeta-financial.com.

Get in touch

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