

## UCITS Based in Malta

### What are UCITS?

Undertakings for Collective Investment in Transferable Securities, or “UCITS” are a group of European Union Directives that aim to allow collective investment schemes to operate independently throughout the EU on the basis of a single authorisation from one-member state.

### Setup of UCITS

Structures	Mainly open-ended. However, unit trusts, contractual funds and limited partnerships can also be used.
Regulator	Investment Services Act.
Permitted Business	Schemes may be offered to the Malta general public and in any other EU/EEA state.
Fund Promoter	The promoter is responsible for the fund’s structure, set up, strategy and distribution. No eligibility requirements apply for the promoter of a Malta UCITS.
Corporate Requirements	<ul style="list-style-type: none"> <li>• The scheme’s head office and registered office are to be both established in Malta;</li> <li>• There must be a minimum of two directors, at least one independent from the manager and the custodian;</li> <li>• Self-managed schemes shall have at minimum one Maltese resident director;</li> <li>• Local substance is a requirement, yet depends on the fund’s structure.</li> </ul>
Custodian	Must be a licensed institution or such other body or association acceptable to the MFSA, with a place of business in Malta.
Administrator	<p>Optional:</p> <ul style="list-style-type: none"> <li>• The manager is responsible for the administration of the scheme when the administrator is not appointed;</li> <li>• Yet where appointed, the administrator must be a recognised administrator;</li> <li>• May be different from the custodian;</li> <li>• Services may include; valuation, transfer agency and registrar, corporate secretariat and listing agent.</li> </ul>
Fund Manager	<p>Optional:</p> <ul style="list-style-type: none"> <li>• The fund may either be self-managed or managed by a company approved by the MFSA;</li> <li>• Must have satisfactory financial resources and liquidity at its disposal;</li> <li>• Managers must demonstrate sufficient and relevant experience;</li> <li>• All roles, responsibilities and experience must be described in the fund prospectus.</li> </ul>
Investment Advisor	<p>Optional:</p> <ul style="list-style-type: none"> <li>• Must have satisfactory financial resources and liquidity at its disposal;</li> <li>• Must demonstrate sufficient and relevant experience.</li> </ul>
Compliance Officer	Required.

Money Laundering Reporting Officer	Required.
Auditor	<p>Required:</p> <ul style="list-style-type: none"> <li>• Must be approved by the MFSA;</li> <li>• Held responsible for certifying the fund's annual report and accounts, which should include an audit report.</li> </ul>
License Application	<p>Documentation required includes:</p> <ul style="list-style-type: none"> <li>• Constitutional documents;</li> <li>• Prospectus and marketing documents to investors. (Note: From July 2012 Maltese UCITS were required to draw up a Key Investor Information Document (KIID) in accordance with UCITS IV rules);</li> <li>• Details on all services providers involved;</li> <li>• Agreements with the fund's service providers;</li> <li>• Personal questionnaire and curriculum vitae of the directors;</li> <li>• Three-year business plan;</li> <li>• Marketing plan;</li> <li>• Other documents which have an effect on the member's rights.</li> </ul>
Approval Time	The approval time is dependent on factors such as the fund's complexity and the submission of complete applications. Nevertheless, the MFSA will review the draft application and the supporting documentation, whilst providing feedback within three weeks from submission of the application.
Listing	Listing schemes may apply for a listing on the MSE.
Capital Requirement	<ul style="list-style-type: none"> <li>• Third-party managed: €125,000 (if formed as a company);</li> <li>• Self-managed: €300,000.</li> </ul>
Reporting Requirements	<ul style="list-style-type: none"> <li>• Monthly statistical return to the MFSA;</li> <li>• Half yearly compliance reports;</li> <li>• Annual reports.</li> </ul>
Regulatory Fees	<p>Application for a License:</p> <ul style="list-style-type: none"> <li>• €2,000/scheme;</li> <li>• €450/sub-fund for up to 15 sub-funds;</li> <li>• €250/sub-fund for 16 sub-funds or more;</li> <li>• €2,000/sub-fund in the form of an IC.</li> </ul>
Supervisory Fees	<ul style="list-style-type: none"> <li>• €2,500/scheme;</li> <li>• €450/sub-fund up to 15 sub-funds;</li> <li>• €150/sub-fund for 16 sub-funds or more;</li> <li>• €2,500/sub-fund in the form of an IC.</li> </ul>
Taxation	<ul style="list-style-type: none"> <li>• Exempt from income and capital gains tax, subject to not investing in immovable property in Malta.</li> </ul>
VAT	<ul style="list-style-type: none"> <li>• Exempt without credit.</li> </ul>

- EU passporting rights: UCITS established in Malta can be advertised in all EU/EEA member states;
- Up to speed regulatory framework: Malta is ranked top for transposing EU directives into national law;
- Economies of scale: larger distribution network that is achievable through a UCITS scheme, resulting in a reduction in costs for investment;
- Structuring opportunities: interested parties are given the option to set up umbrella funds, allowing different sub-funds and share classes;
- Competitive fiscal structure: there is no tax on UCITS income or capital gains, unless it is invested in immovable property situated in Malta;
- Investors are not taxed, unless they are resident in Malta, in which case there is a 15% tax on income and realised capital gains;
- Lower costs: cheaper set-up and running costs;
- Flexible regulator: the Malta Financial Services Authority is Malta's sole regulator and has developed a global reputation of being dynamic and flexible.

For more information on how Zeta can assist you please contact our Business Development department on [bd@zeta-financial.com](mailto:bd@zeta-financial.com).

## Get in touch

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