

KEY FACTS

ALTERNATIVE INVESTMENT FUNDS

An Alternative Investment Fund in Malta comprising a private equity fund, hedge fund or real estate fund is regulated by the Malta Financial Services Authority (“MFSA”) in terms of the Professional Investor Fund (“PIF”) regime. A PIF must therefore be licensed by the MFSA and must also comply with certain requirements set out in the Investment Services Guidelines issued by the regulator.

PRINCIPAL FEATURES

- Due to the risk element inherent in alternative investment funds, the regime restricts the eligibility of investors to such funds based upon certain pre-defined criteria. The PIF regime provides for the licensing of three types of alternative investment funds as follows – Experienced Investors, Qualifying Investors and Extraordinary Investors.
- The table below sets out the differences between these three fund regimes:

| Principal Features | Experienced | Qualifying | Extraordinary |
|--|---|------------------------------------|------------------------------------|
| Minimum Investment (EUR) | 10,000 | 75,000 | 750,000 |
| Investment/borrowing restrictions | Certain investment/borrowing restrictions apply. | None | None |
| ‘Fit and proper’ test on Fund directors/GP/Trustee and on service providers | Yes | Yes | Yes |
| Fund Reporting | Interim (if applicable) and Annual | Interim (if applicable) and Annual | Interim (if applicable) and Annual |
| Appointment of Custodian/Depository | Mandatory | Not mandatory* | Not mandatory* |
| Appointment of Manager | An external Manager need not be appointed and the function can be vested within an investments committee established by the fund, subject to various conditions being met. | | |
| Appointment of Administrator | An Administrator may be appointed. When one is not appointed, the Manager may assume responsibility for the provision of administration services. | | |
| Appointment of Investment advisor | An Investment Advisor may be appointed however this is not compulsory. | | |
| Requirement for service providers to be established and regulated in Malta | The service providers to a PIF need not be based in Malta however they need to be established and regulated in a recognised jurisdiction ¹ . When all the service providers to a PIF are not based in Malta, unless a local resident director has been appointed to the PIF (or a local trustee in the case of a Trust/a local GP in the case of a Partnership), the PIF is required to appoint a local representative based in Malta to act as the PIF’s MLRO and, amongst other functions, as a liaison point between the Fund and the MFSA. | | |

*Although the MFSA recommends that a Custodian be appointed, this is not mandatory, however, appropriate procedures for the safekeeping of fund assets must be put in place.

¹ Recognised jurisdictions include EU and EEA member states and signatories to a multilateral/bilateral Memorandum of Understanding with the MFSA. Service providers not established and regulated in a recognised jurisdiction may also be accepted subject to certain conditions being met.

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THE LICENSING PROCESS

The licensing process in connection with a PIF license can be divided into three stages:

Preparatory

- The MFSA recommends that the promoters arrange to meet its representatives to describe their proposal in advance of submitting an Application for a license. At this stage, the Applicant is required to provide a comprehensive description of the proposed activity. Following the meeting with the MFSA, the Applicant would be required to complete the application form and ancillary documents for submission to the MFSA in DRAFT.
- The MFSA will review the documentation and may ask for supplementary information to be provided. The MFSA's assessment of the applicant's 'fit' and 'proper' credentials will also commence at this stage. The expected turnaround time for the MFSA to review the documentation provided to it and for it to provide feedback is three weeks. A number of license conditions are communicated to the applicant at this stage, adherence to which is required throughout the life of the fund.
- The MFSA undertakes to respond to a license application within the following time frames:
- Seven days in respect of applications for funds targeting Experienced/Qualifying Investors and three days in respect of applications for funds targeting Extraordinary Investors.

Pre-licensing

- The MFSA will issue an 'in principle' approval for the issuance of a license, conditional upon the applicant finalising any outstanding matters. At this stage, the Application form and supporting documentation are provided to the MFSA in their final format.

Post Licensing/Pre Commencement of Business

- The Applicant may be required to satisfy a number of post-licensing matters prior to the formal commencement of business.

THE APPLICATION DOCUMENTS

The documentation requiring submission to the MFSA comprises:

- Application Form
- Application Fee
- A near-final draft of the Offering Document.
- A copy of the appropriate approval of the Offering Document by the Board of Directors of the fund.
- A near-final draft of the Memorandum and Articles of Association of the fund, or other constitutive document if the fund is not in corporate form.
- Personal Questionnaires of each proposed director of the fund.
- Personal Questionnaires of the Directors and Qualifying Shareholders of external service-providers (i.e. those shareholders holding more than 10% of the shares in such entities) BUT only if such service providers are operating from non-Recognised Jurisdictions.
- Details of the fund's proposed Local Representative (where applicable).

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REGULATORY FEES

- Regulatory fees comprise of a non-recurring Application fee payable on submission of the Application for a PIF and an annual supervision fee which is due on the anniversary of the license being granted.
- Application Fee: EUR600 payable for the issuance of ‘in principle’ approval and an additional fee of EUR1,500 (with EUR1,000 for each sub-fund, as applicable).
- Annual Supervisory Fee: EUR1,500 and EUR500 per sub-fund

HOW TRIDENT FUND SERVICES CAN ASSIST

Trident Fund Services (Malta) Limited is authorised by the MFSA to provide fund administration services in Malta. We have broad experience in handling the administration of a variety of fund structures and can provide the following services:

- Assistance with the licensing of a fund in Malta including liaison with the MFSA, legal advisors and other parties.
- Incorporation of the fund and the fund manager.
- Provision of registered office and local directors.
- Preparation of net asset value calculations.
- Preparation of interim and annual financial statements.
- Transfer agency services.
- Company secretarial services.
- Administration services and coordination of the year-end audit.

FUND ADMINISTRATION FEES

Please complete our Fund Establishment Worksheet which provides a summary of the administration services that we offer. On the basis of a completed worksheet and proposed offering memorandum we will provide you with a fee estimate for the establishment and annual administration costs of the proposed fund.

Do not hesitate to contact us should you have any questions regarding our fund administration services or in connection with the completion of the worksheet.

Please contact any Trident Fund Services office worldwide for further information about our services and fees. Office contact details are included on the following page.

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