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FUND MANAGEMENT

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Fund Management

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Contents

Fund Management

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Malta

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FUND MANAGEMENT REGULATION

Regulatory framework and authorities
How (in very general terms) is fund management regulated in your jurisdiction? Which authorities have primary responsibility for regulating funds, fund managers and those marketing funds?

The Malta Financial Services Authority (MFSA) regulates funds, fund managers and those marketing funds in Malta.

The Maltese regulatory regime for funds, fund managers and entities marketing funds was enacted on 19 September 1994 with the adoption of the Investment Services Act, CAP 370 of the Laws of Malta (the ISA), which introduced the concept of a collective investment scheme (CIS) into Maltese law as well as a licensing requirement for CISs and their service providers on the basis of the nature of the services provided in respect of specific classes of financial instruments.

Over the years, the ISA has been significantly revised and supplemented to transpose relevant EU legislation, including the Alternative Investment Fund Managers Directive (AIFMD), the Undertakings for the Collective Investment in Transferable Securities (UCITS) Directive and the Markets in Financial Instruments Directive (MiFID II). The ISA remains, however, the cornerstone of fund regulation in Malta. As of 2026, Malta is also in the process of updating its framework to implement AIFMD II and related UCITS amendments.

Fund managers are all required to hold a Fund Management licence. However, they may be classified as alternative investment fund managers (AIFMs) in terms of AIFMD, de minimis AIFMs, being under-threshold fund managers and UCITS management companies established under the UCITS Directive. On the other hand, funds may take the form of UCITS Funds, alternative investment funds (AIFs), notified alternative investment funds (NAIFs), professional investor funds (PIFs) or notified professional investor funds (NPIFs). NAIFs and NPIFs are not regulated by the MFSA. Regulatory responsibility for their operations and oversight is shifted to the AIFMs.

The establishment or appointment of a regulated investment management entity separate from the fund is possible but not obligatory, as funds incorporated in Malta can opt to be self-managed. In such cases, the fund takes responsibility for the investment management structure internally through the establishment of the appropriate internal mechanisms.

Law stated - 5 May 2026

Fund administration
Is fund administration (support services provided to funds such as book-keeping, preparing reports, trade settlement, etc) regulated in your jurisdiction?

Yes. The statutory basis for regulating the provision of fund administration is detailed through the ISA, which states that any person who, in or from Malta, provides to licence holders in Malta, or to equivalent authorised persons and schemes overseas – administrative services that do not themselves constitute a licensable activity under the ISA – requires

MFSA recognition. Therefore, an application for prior recognition would need to be submitted to the MFSA.

Law stated - 5 May 2026

Authorisation
What is the authorisation or licensing process for funds? What are the key requirements that apply to managers and operators of investment funds in your jurisdiction?

Licensing process

The licensing process for a fund in Malta is overseen by the MFSA and differs depending on the type of fund being established. During the pre-licensing phase, the appropriate fund type and structure are determined based on factors such as the investor base, investment strategy, and applicable regulatory requirements. Relevant service providers – such as the fund manager, administrator, depository, money laundering reporting officer and compliance officer – are appointed, and the required documentation (such as the constitutional documents, offering documentation and relevant forms, etc) is prepared.

Once the application package is complete, it is submitted to the MFSA for a preliminary review. The MFSA then assesses the proposed structure, strategy and risk profile to ensure alignment with regulatory standards. Fitness and propriety checks are also undertaken on promoters and management.

Any feedback or requests for amendments will be communicated to the applicant. Upon satisfactory review, the MFSA issues an in-principle approval subject to specific conditions. Once these conditions are met, the MFSA grants the formal licence, allowing the fund to commence operations, market to investors and begin accepting subscriptions.

By way of exception, NAIFs and NPIFs are not subject to the same full licensing process but instead operate under notification-based regimes subject to the applicable eligibility and notification requirements.

Key requirements

A Maltese management company or operator of a fund (to the extent that the services provided to the fund qualify as investment services in terms of the ISA) must be licensed by the MFSA. Such licence is subject to a number of requirements, including:

- a place of business in Malta from where the activities are carried out;
- sufficient financial resources and liquidity to be able to conduct its business effectively and meet its liabilities when they fall due; and
- compliance with MFSA requirements applicable to the licence holder, which mainly relate to business organisation, systems, experience and expertise.

Upon licensing, fund managers and operators of funds are required to comply with the ongoing regulatory obligations set out in applicable MFSA rulebooks and the anti-money laundering and counter-terrorist financing obligations emanating from applicable legislation and the Financial Intelligence Analysis Unit Implementing Procedures.

Law stated - 5 May 2026

Territorial scope of regulation

What is the territorial scope of fund regulation? Can an overseas manager perform management activities or provide services to clients in your jurisdiction without authorisation?

The general principle is that the management of local CIS is subject to licensing in terms of the ISA, unless a specific exemption applies or the overseas fund manager is able to avail itself of EU passporting rights. Indeed, the management company passport under the UCITS IV Directive (Directive 2009/65/EC) ended the requirement that the investment fund management company needs to be established in the same country in which the UCITS is established. Additionally, the adoption of the AIFMD meant that the investment fund management company need not be established in the same country in which the AIF is established.

Management company established in another EU/EEA member state	
UCITS management company	Prior to providing services in Malta or performing management activities in Malta, the EU fund manager will need to exercise its passport rights under the relevant EU directive.
AIFM	Prior to providing services in Malta or performing management activities in Malta, the overseas fund manager will need to exercise its management passport under the relevant EU directive. Authorisation requirements apply in respect of non - EU AIFMs managing an EU AIF.

Law stated - 5 May 2026

Acquisitions

Is the acquisition of a controlling or non-controlling stake in a fund manager in your jurisdiction subject to prior authorisation by the regulator? (Restrict your answers to the regulator with responsibility for oversight of fund management. Do not answer with respect to other agencies, such as the merger control authorities.)

Yes. The acquisition of a qualifying shareholding in a fund manager is subject to prior authorisation. The ISA defines qualifying shareholding as "a direct or indirect holding in a company which represents 10% or more of the share capital or of the voting rights ... or which makes it possible to exercise a significant influence over the management of the company in which that holding subsists".

Law stated - 5 May 2026

Restrictions on compensation and profit sharing

Are there any regulatory restrictions on the structuring of the fund manager's compensation and profit-sharing arrangements?

With respect to the payment of performance fees to fund managers of UCITS funds or retail AIFs, the Investment Services Act (Performance Fees) Regulations sets out the rules to be followed for the adoption, payment and disclosure of performance fees. In addition, the MFSA's updated UCITS management company rules published in August 2025 expressly require licence holders to observe the ESMA Guidelines on performance fees in investment funds, applicable to UCITS and certain types of AIFs.

Law stated - 5 May 2026

FUND MARKETING

Authorisation

Does the marketing of investment funds in your jurisdiction require authorisation?

The general principle enshrined in the Investment Services Act (the ISA) is that the units in a collective investment scheme (CIS) may not be marketed in Malta unless the CIS is authorised by the Malta Financial Services Authority (MFSA). This principle is, however, subject to the applicability of EU passporting rights. In fact, the Alternative Investment Fund Managers Directive (AIFMD) grants EU alternative investment fund managers (AIFMs) managing EU alternative investment funds (AIFs) a marketing passport, enabling the former to market that EU AIF in another EU member state to professional investors. The AIFM must submit a notification of its intention to market to the competent authority of the other EU member state where the units of the AIF will be marketed. However, any AIFM wishing to market AIFs to retail investors in Malta must obtain prior authorisation from the MFSA.

Non-EU AIFMs marketing AIFs in Malta would need to comply with the Maltese National Private Placement Regime prior to the marketing of such funds.

Likewise, the Undertakings for the Collective Investment in Transferable Securities (UCITS) Directive provides for a harmonised passporting regime whereby a UCITS authorised in any EU member state may be marketed to investors in another member state following notification of intention being submitted to the host member state's competent authority.

Law stated - 5 May 2026

Authorisation
What marketing activities require authorisation?

Investment funds that do not benefit from EU passporting rights, and whose activities are not otherwise exempt, are required to hold a collective investment scheme licence prior to marketing their units in Malta, whether directly or indirectly through intermediaries.

Law stated - 5 May 2026

Territorial scope and restrictions
What is the territorial scope of your regulation? May an overseas entity perform fund marketing activities in your jurisdiction without authorisation?

Any entity performing fund marketing activities in respect of funds established in Malta would be subject to licensing, to the extent that such activities constitute investment services in terms of the ISA and unless the relevant entity can rely on an exemption in terms of the law that is applicable to its operations.

Law stated - 5 May 2026

Territorial scope and restrictions
If a local entity must be involved in the fund marketing process, how is this rule satisfied in practice?

Not applicable.

Law stated - 5 May 2026

Commission payments
What restrictions are there on intermediaries earning commission payments in relation to their marketing activities in your jurisdiction?

In accordance with the Conduct of Business Rulebook, where a manufacturer distributes its products to clients through a distributor and pays a commission to a distributor based on levels of business introduced, the manufacturer must be able to demonstrate that these arrangements:

- do not impair the distributor's duty to act in the best interest of the client; and
- do not give rise to a conflict of interest between the distributor and the client.

The Markets in Financial Instruments Directive, AIFMD and the UCITS Directive also contain similar rules on inducements.

Law stated - 5 May 2026

RETAIL FUNDS

Available vehicles

What are the main legal vehicles used to set up a retail fund? How are they formed?

The definition of a collective investment scheme under the Investment Services Act (the ISA) is vehicle agnostic. Under Maltese law, a fund may be established as:

- a company – namely, an investment company with fixed share capital or an investment company with variable share capital (SICAV);
- a limited partnership;
- a unit trust;
- a foundation; or
- a contractual fund.

However, the most common legal vehicle used to establish funds, both retail and professional, is the SICAV.

The absolute majority of collective investment schemes (CISs) in Malta are established as SICAVs. The rules relating to the manner in which a SICAV's share capital is calculated, the possibility of establishing it as a multi-fund or multi-class structure, in addition to the legal ring-fencing of assets between share classes makes it one of the most flexible legal vehicles available.

A SICAV is constituted through the registration of its memorandum and articles of association with the Malta Business Registry (MBR), together with the submission of supporting documentation.

Law stated - 5 May 2026

Laws and regulations

What are the key laws and other sets of rules (regulatory and self-regulatory) that govern retail funds?

The key laws and regulations regulating retail funds are the following:

- the Companies Act and subsidiary legislation;
- the ISA and subsidiary legislation;
- the Undertakings for the Collective Investment in Transferable Securities (UCITS) V Directive as transposed into local laws and regulations;
- the Alternative Investment Fund Managers Directive and Regulation, as transposed into local laws and regulations;
- the Rules for Retail Collective Investment Schemes issued by the Malta Financial Services Authority (MFSA), including:
    - Part A: Application Process for Retail Collective Investment Schemes;

  - Part BI: Standard Licence Conditions applicable to Malta based Retail Non-UCITS Collective Investment Schemes; and
  - Part BII: Standard Licence Conditions applicable to Malta based Retail UCITS Collective Investment Schemes;
- the Rules for Alternative Investment Funds issued by the MFSA and providing the regulatory framework for retail alternative investment funds (AIFs), including:
  - Part A: Application Process for Alternative Investment Funds; and
  - Part B: Standard Licence Conditions applicable to Alternative Investment Funds;
- the Listing Rules (admissibility requirements for CISs) issued by the MFSA and applicable to collective investment schemes listed on the Malta Stock Exchange.
- Malta has now also consulted on legislative and regulatory amendments in connection with the transposition and implementation of AIFMD II and UCITS VI.

Law stated - 5 May 2026

Authorisation
Must retail funds be authorised or licensed to be established or marketed in your jurisdiction?

The ISA provides the statutory basis for the licensing and regulation of funds. It establishes that any collective investment scheme that does the following must first be licensed by the MFSA:

- issues or creates units or carries on any activity in or from Malta; or
- is formed in accordance with or exists under the laws of Malta, which issues or creates any units or carries on any activity in or from a country, territory or other place outside Malta.

Thus, the licensing requirement applies to funds established and marketed in Malta, funds established in Malta but marketed outside Malta and funds established outside of Malta but marketed in Malta.

Foreign funds that do not benefit from EU passporting rights are required to obtain a collective investment scheme licence prior to marketing their units in Malta, whether directly or indirectly through intermediaries.

Law stated - 5 May 2026

Marketing
Who can market retail funds? To whom can they be marketed?

The Maltese regulatory regime establishes two main categories of retail collective investment schemes, namely:

- UCITS; and
- non-UCITS funds that target retail investors.

Retail funds marketed to retail investors target investors who do not qualify as professional investors as defined in the Markets in Financial Instruments Directive. Reference should be made to the fund's offering documents in this regard. Both open-ended retail funds and closed-ended retail funds can market their units to the general public in Malta, subject to any applicable provisions of the Prospectus Regulation in respect of the offer of units issued by closed-ended funds.

Open-ended and closed-ended retail funds can be marketed by the fund itself or by its fund manager.

Law stated - 5 May 2026

Managers and operators
Are there any special requirements that apply to managers or operators of retail funds?

The requirements that apply to managers or operators of retail funds stem from the ISA, the subsidiary legislation issued thereunder and the relevant MFSA rulebooks. A retail fund can be externally managed or authorised as a self-managed fund (provided it adopts a corporate structure). A third-party manager can qualify as a de minimis fund manager, an AIFM or a UCITS management company. If the fund manager is established outside Malta, before it can manage funds established in Malta it must determine whether it is exempt from licensing in Malta or whether it can avail itself of European passporting rights.

Law stated - 5 May 2026

Investment and borrowing restrictions
What are the investment and borrowing restrictions on retail funds?

The investment restrictions generally applicable to retail funds are listed below.

UCITS

- Cannot invest more than 10% of their assets in transferable securities (TS) and money market instruments (MMI) other than those admitted to a stock exchange or that are dealt in on a regulated market.
- Cannot invest more than 5% of their assets in TS or MMI issued by the same body. The 5 % limit can be raised to a maximum of 10% of the fund's assets if the total value of securities held in bodies in which it invests more than 5% is less than 40%. This limit does not apply to deposits and over-the-counter derivative transactions made with financial institutions subject to prudential supervision.
- Cannot invest more than 20% of the fund's assets with the same institution.
- Cannot invest more than 20% of their assets in units of other CISs.

- Can only transact using financial derivative instruments if the transaction in the financial derivative instrument does not cause them to diverge from the investment objectives set out in the constitutional documents or prospectus, or both.

Non-UCITS retail funds

- Cannot invest more than 10% of their assets in securities that are not traded in or dealt on a market that the depositary and manager of the scheme have agreed between themselves as being appropriate for the fund, is listed in the prospectus of the fund, is regulated, operates regularly, is recognised and is open to the public, has adequate liquidity and adequate arrangements in respect of the transmission of income and capital and is not the subject of an MFSA restriction.
- Cannot hold more than 10% of any class of security issued by any single issuer.
- Cannot hold more than 10% of its assets in securities issued by the same body.
- Can invest in nil paid or partly paid shares and subscribe for placing or underwriting provided the amount to be paid does not exceed 5% of the value of the scheme.
- The CIS and its manager, considering all of the schemes that the latter manages, cannot acquire sufficient instruments to give it the right to exercise control over 20% or more of the share capital or votes of a company or sufficient instruments to enable it to exercise significant influence over the management of the issuer.
- Cannot deposit more than 10% of its assets with the same credit institution.
- Cannot invest more than 20% of its assets with any one CIS.
- May only invest in FDI for efficient portfolio management purposes. Maximum exposure limits apply.

Retail AIFs

- May not invest more than 10% of their assets in securities that are not traded in or dealt on a market.
- Cannot invest more than 10% of their assets in securities issued by the same body or hold more than 10% of any class of security issue by any single issuer.
- No more than 10% of the AIF’s assets can be kept on deposit with any one body. However, this limit can be increased to 30% for money deposited with a credit institution licensed in Malta or in any other EEA state, or with any other credit institution approved by the MFSA.
- No more than 20% of the AIF’s assets can be invested in any one CIS.
- Can invest in nil paid or partly paid shares and subscribe for placing or underwriting provided the amount to be paid does not exceed 5% of the value of the scheme.
- The CIS and its manager, considering all of the schemes that the latter manages, cannot acquire sufficient instruments to give it the right to exercise control over 20% or more of the share capital or votes of a company, or sufficient instruments to enable it to exercise significant influence over the management of the issuer.
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May only invest in FDI for efficient portfolio management purposes. Maximum exposure limits apply.

The borrowing restrictions applicable to retail funds are listed below.

UCITS

When structured as an investment company it cannot borrow funds. However, it can acquire foreign currency by means of a "back-to-back" loan. By way of derogation, the MFSA provides that a UCITS fund can borrow if the borrowing is either:

- on a temporary basis and represents, no more than 10% of its assets (for an investment company) or no more than 10% of the value of the fund (for a common fund); or
- to enable the acquisition of immovable property that is essential for the direct pursuit of its business and represents, in the case of an investment company, no more than 10% of its assets.

In such cases, the fund cannot borrow more than 15% of its total asset value.

Non-UCITS retail funds

- Can only borrow up to a maximum of 10% of: its assets, when set up as an investment company or limited partnership; and the value of the fund, when set up as a unit trust or a common contractual fund.
- Borrowing can only be made on a temporary basis and the scheme's overall risk exposure must not exceed 110% of its assets under any circumstances.

Retail AIFs

See non-UCITS retail fund restrictions above.

Law stated - 5 May 2026

Tax treatment
What is the tax treatment of retail funds? Are exemptions available?

Maltese tax legislation does not distinguish between retail and professional investor funds. The key distinction that determines the Maltese tax treatment of a fund is whether the collective investment scheme is classified as a "prescribed" or "non-prescribed" fund.

A fund (or a sub-fund if the scheme is divided into sub-funds) is treated as a prescribed fund if:

- it is a fund of a CIS formed in accordance with the laws of Malta;
- the value of its assets situated in Malta amounts to at least 85% of the value of the total assets of the fund; and

- it has so declared in writing to the Commissioner for Revenue.

Maltese funds that do not have such an exposure to Maltese assets and have made a declaration to that effect are classified as non-prescribed funds.

A non-prescribed fund is exempt from Maltese income tax on any income and capital gains, other than income derived from immovable property situated in Malta. A prescribed fund is also exempt from tax in Malta except for income derived from immovable property situated in Malta, bank interest (which is subject to a 15% withholding tax) and other types of investment income (which are subject to a withholding tax of 10%).

Any income or capital gains derived by non-resident investors from a Maltese fund are not subject to withholding tax so long as they are not owned and controlled by, directly or indirectly, nor act on behalf of, an individual who is ordinarily resident and domiciled in Malta.

Distributions made to recipients who are resident individuals or persons owned and controlled by, directly or indirectly or acting on behalf of individuals ordinarily resident and domiciled in Malta out of untaxed profits are subject to a 15% withholding tax.

Law stated - 5 May 2026

Asset protection
Must the portfolio of assets of a retail fund be held by a separate local custodian? What regulations are in place to protect the fund's assets?

The custodian must be separate and independent from the fund manager and must act independently and solely in the interests of the unit holders. The custodian of a UCITS and a retail AIF fund must have an established place of business in Malta and be in possession of an investment services licence issued by the MFSA. Such local presence and authorisation requirements do not apply in the context of a non-EU AIF managed by a Maltese AIFM.

The following regulations apply to the protection and safekeeping of the funds' portfolio assets:

- Investment Services Act (Custodians of Collective Investment Schemes) Regul ations (Subsidiary Legislation 370.32, Laws of Malta); and
- the MFSA's Standard Licence Conditions applicable to Investment Services Licence Holde rs which qualify as Depositaries.

Law stated - 5 May 2026

Governance
What are the main governance requirements for a retail fund formed in your jurisdiction (registration, record-keeping, filings, officers)?

Retail funds established in Malta are subject to various governance requirements that are conventional in the context of the regulated investment funds industry. The below is a non-exhaustive summary of the general governance requirements common to all retail funds.

Registration and authorisation

Retail funds operating from Malta are typically established as SICAVs. Their registration in Malta requires the filing of the memorandum and articles of association with the MBR, together with supporting documentation as required in terms of the Companies Act.

Furthermore, all funds would only be able to operate from Malta if they are in possession of a licence issued by the MFSA under the terms of the ISA.

Corporate governance

A retail fund established in Malta is required to implement a robust corporate governance structure. The governing body is legally bound to promote the best interest of the fund and its investors and is responsible for the good governance of the fund, its proper administration and management, and the general supervision of its affairs.

In practical terms, the MFSA typically requires that the board of directors of funds be composed of at least three individuals having the skills required to be able to direct and monitor the operations of the fund. In particular, at least one of the directors must be independent of the service providers to the fund, including the management function. The board of directors is expected to appoint service providers to the fund having the knowledge, skill and competence required to be able to provide the services they are engaged to perform.

As authorised entities, retail funds are expected to endeavour to adhere to the MFSA's Corporate Governance Code, on a "best-effort basis" and in a manner that is commensurate with the nature, size and complexity of the fund. The Corporate Governance Code provides a list of guiding principles that are designed to enhance the existing legal, institutional and regulatory framework for good governance. Retail funds are also expected, where applicable, to have regard to the MFSA's Corporate Governance Manual for Directors of Collective Investment Schemes.

Officers and service providers

CISs are also required to appoint a secretary to the governing body (to the extent that the legal structure of the fund necessitates the secretary's appointment), a compliance officer and a money laundering reporting officer. While the compliance officer is responsible for assisting the fund in complying with any conditions attached to its CIS licence, and the relevant rules and regulations, the money laundering reporting officer assists the fund in complying with its anti-money laundering and counter-terrorist financing obligations as a 'subject person' under the applicable laws.

As noted above, depending on the nature of the CIS in question, a CIS may, and in certain cases is required to, appoint a number of service providers, including an investment manager, investment adviser, fund administrator, registrar and transfer agent, and a custodian or prime broker, as applicable.

Record-keeping

Retail funds established in Malta are subject to numerous record-keeping obligations that stem from distinct pieces of local legislation and regulation.

Law stated - 5 May 2026

Reporting

What are the periodic reporting requirements for retail funds?

The table below sets out the list of external reports that retail funds are expected to prepare.

Reporting requirement	Reportable to
Annual return	MBR
Beneficial ownership information	MBR
Audited financial statements	MBR, MFSA and tax authorities
Annual fund return	MFSA
Central Bank of Malta returns	MFSA
Income tax return	Tax authorities
Value added tax return	Tax authorities
Anti - money laundering and counter - terrorist financing risk evaluation questionnaire	Financial Intelligence Analysis Unit

UCITS are also required sunder section 12.8 of Part BII of the MFSA's Services Rules for Retail Collective Investment Schemes, to publish and submit half-yearly and annual reports to the MFSA within two months and four months respectively of the end of the relevant period. Five months following the end of the relevant period, the licence holder must also submit the Annual Fund Return and Representation Sheet through the LH Portal submission platform.

Law stated - 5 May 2026

Issue, transfer and redemption of interests

Can the manager or operator place any restrictions on the issue, transfer and redemption of interests in retail funds?

In the case of UCITS, any restrictions on the issue, transfer or redemption of interests must be disclosed in the scheme's prospectus. If set up as an investment company and provided for in their constitutional documents, UCITS funds can temporarily suspend the repurchase or redemption of units, provided the suspension is exceptional, justified and in the interests of the investors. In addition, following the amendments introduced under the revised UCITS framework, open-ended UCITS must now have available the liquidity management tools (LMTs) of temporary suspension and side pockets for use in exceptional circumstances where this is justified in the interests of investors, and must also select at least two further appropriate LMTs from the EU list for potential use in the interests of investors, subject to the applicable transitional arrangements for pre-existing funds. This requirement applies from 16 April 2026.

In the case of retail AIFs, any restrictions on the issue, transfer and redemption of interests must be in line with the provisions of the fund's prospectus. AIFMs of open-ended retail AIFs can also place restrictions on the redemption of interests to manage liquidity risk. However, this position must now be read in light of AIFMD II, pursuant to which open-ended AIFs must have available the LMTs of temporary suspension and side pockets for use in exceptional cases, and must in addition select at least two further appropriate LMTs from the EU list for potential use in the interests of investors, again subject to the applicable transitional arrangements for pre-existing funds. This requirement also applies from 16 April 2026.

Law stated - 5 May 2026

NON-RETAIL POOLED FUNDS

Available vehicles
What are the main legal vehicles used to set up a non-retail fund? How are they formed?

Non-retail funds may be established as companies, limited partnerships, unit trusts, foundations or mere contractual arrangements. Nevertheless, the investment company with variable share capital (SICAV) remains the main vehicle used to establish a non-retail fund.

Law stated - 5 May 2026

Laws and regulations
What are the key laws and other sets of rules (regulatory and self-regulatory) that govern non-retail funds?

The Investment Services Act (the ISA) is the cornerstone of fund regulation in Malta. The legislature in Malta has also published various subsidiary legislation under the ISA relevant to the regulation of non-retail collective investment schemes (CISs) in Malta. Each non-retail fund that may be set up in Malta is also governed by a dedicated set of rules published by the Malta Financial Services Authority (MFSA). The MFSA rulebooks are, in turn, supplemented by additional guidance, circulars and other material published by the MFSA from time to time.

A CIS that is available for distribution to professional clients under the terms of the Markets in Financial Instruments Directive (MiFID) (professional clients) may be authorised as:

- a professional investor fund (PIF), being a non-EU harmonised CIS that may be established in Malta; or

- an alternative investment fund (AIF) – as defined under the Alternative Investment Fund Managers Directive (AIFMD).

Each of these non-retail funds may be externally managed or self-managed. Additionally, EU alternative investment fund managers (AIFMs) have an alternative option: the notified alternative investment fund (NAIF), which is an AIF that is not authorised by the MFSA, but whose existence must merely be notified by the AIFM to the MFSA; and the notified professional investment fund (NPIF), which is a PIF that is not authorised by the MFSA, but whose existence must merely be notified by the de minimis AIFM to the MFSA. A NAIF must be externally managed. An NPIF may be externally managed or self-managed, subject to the applicable MFSA framework.

Law stated - 5 May 2026

Authorisation
Must non-retail funds be authorised or licensed to be established or marketed in your jurisdiction?

Under the ISA, without a valid licence, a CIS is prohibited from:

- issuing or creating any units, or carrying on any activity in or from Malta; or
- issuing or creating any units or carrying on any activity in or from a country, territory or other place outside Malta, while being formed in accordance with or existing under the laws of Malta.

Accordingly, regardless of where it is established, a CIS that intends to market (including through intermediaries) its units or shares in Malta is, unless specifically exempted, entitled to exercise EU passporting rights or, without prejudice to the provisions of the ensuing paragraph, required to obtain authorisation.

While the above prohibition applies without limitation in respect of PIFs and AIFs, it is not relevant in the context of NAIFs and NPIFs. As noted above, and, in terms of the Investment Services Act (List of Notified CISs) Regulations (Subsidiary Leg islation 370.34, Laws of Malta) (the Notified CISs Regulations), NAIFs and NPIFs are subject to a notification, as opposed to a fully fledged authorisation process with the MFSA.

The Notified CISs Regulations specify that the inclusion of a NAIF in the List of NAIFs and the inclusion of a PIF in the List of NPIFS maintained by the MFSA pursuant to the Notified CISs Regulations does not imply that the NAIF/NPIF is in possession of a licence granted under the terms of the ISA.

Law stated - 5 May 2026

Marketing
Who can market non-retail funds? To whom can they be marketed?

The Maltese regime that regulates the marketing of units or shares in a CIS (including the MFSA's guidance on what constitutes marketing) differs according to whether the CIS qualifies as an AIF or a UCITS.

The following table summarises the non-retail fund marketing options presently available in Malta and the marketing and investment eligibility criteria.

CIS type	Eligible to market	Eligible investors
AIF	• AIF (if self - managed) • AIFM (if appointed) • Intermediaries (if appointed)	• Professional clients • Qualifying investors – non - retail funds may only be subscribed to by professional clients (as defined under MiFID) or qualifying investors (as defined under the relevant MFSA rulebooks)
NAIF	• AIFM • Intermediaries (if appointed)	• Professional clients • Qualifying investors
PIF	• PIF (if self - managed) • Investment manager (if appointed) • Intermediaries (if appointed)	• Qualifying investors
NPIF	• AIFM • NPIF (if self - managed) • Intermediaries (if appointed)	• Professional clients • Qualifying investors

The CISs referred to above may be marketed subject to, and in accordance with, applicable laws and regulation. Even though intermediaries may be appointed to undertake marketing, responsibility for same is vested in the manager, which then delegates this to intermediaries.

Law stated - 5 May 2026

Ownership restrictions
Do investor-protection rules restrict ownership in non-retail funds to certain classes of investor?

Non-retail funds may only be subscribed to by professional clients (as defined under MiFID) or qualifying investors (as is defined under the relevant MFSA rulebooks).

Law stated - 5 May 2026

Managers and operators
Are there any special requirements that apply to managers or operators of non-retail funds?

The requirements that apply to managers or operators of non-retail funds stem from the ISA, the subsidiary legislation issued thereunder and the relevant MFSA rulebooks. While the local regime regulating the management and operation of AIFs largely mirrors the AIFMD framework, the AIFMD II reforms have introduced additional requirements for managers of open-ended AIFs, including the requirement to have available the prescribed LMT framework from 16 April 2026, subject to the applicable transitional arrangements. The NAIF regime imposes "special" requirements on the NAIF's AIFM. Such requirements feature in the NAIF Regulations and Part B of the MFSA's Investment Services Rules for NAIFs. In addition, following the 2025 changes to the NPIF framework, special requirements now also apply in the context of self-managed NPIFs under the Supplementary Rules to the NPIF Rulebook-. No special or additional requirements apply to managers or operators of PIFs; rather, considering that the PIF is a local, non-EU harmonised product, the legal and regulatory framework applicable to managers or operators of PIFs is generally more flexible.

Law stated - 5 May 2026

Tax treatment
What is the tax treatment of non-retail funds? Are any exemptions available?

Maltese tax legislation does not distinguish between retail and professional investment funds. The key distinction that determines the Maltese tax treatment of a fund is whether the collective investment scheme is classified as a prescribed or non-prescribed fund.

A fund (or a sub-fund if the scheme is divided into sub-funds) is treated as a prescribed fund if:

- it is a CIS fund formed in accordance with the laws of Malta;
- the value of its assets situated in Malta amounts to at least 85% of the value of the total assets of the fund; and
- it has so declared in writing to the Commissioner for Revenue.

Maltese funds that do not have such an exposure to Maltese assets and have made a declaration to that effect are classified as non-prescribed funds.

A non-prescribed fund is exempt from Maltese income tax on any income and capital gains, other than income derived from immovable property situated in Malta. A prescribed fund is also exempt from tax in Malta except for income derived from immovable property situated in Malta, bank interest (which is subject to a 15% withholding tax) and other types of investment income (which are subject to a withholding tax of 10%).

Any income or capital gains derived by non-resident investors from a Maltese fund are not subject to any withholding tax so long as they are not owned and controlled by, directly or indirectly, nor act on behalf of, an individual who is ordinarily resident and domiciled in Malta.

Distributions made to recipients who are resident individuals or persons owned and controlled by, directly or indirectly, or acting on behalf of individuals ordinarily resident and domiciled in Malta out of untaxed profits are subject to a 15% withholding tax.

Law stated - 5 May 2026

Asset protection

Must the portfolio of assets of a non-retail fund be held by a separate local custodian? What regulations are in place to protect the fund's assets?

AIFs and NAIFs established in Malta are required to entrust the safekeeping of their assets to a custodian, which must, among others, have an established place of business in Malta and be in possession of an investment services licence issued in its favour by the MFSA. Such local presence and authorisation requirements do not apply in the context of a non-EU AIF managed by a Maltese AIFM, in which case the custodian may be established in Malta or in the third country where the non-EU AIF is established. While PIFs and NPIFs are also subject to asset protection rules, the nature and extent of such rules differ from those applicable to AIFs and NAIFs.

The primary sources of local legislation and regulation in this regard are the Investment Schemes Act (Custodians of Collective Investment Schemes) Regulations (Subsidiary Legislation 370.32, Laws of Malta) and the MFSA's Part BIV: Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as Depositaries.

Law stated - 5 May 2026

Governance

What are the main governance requirements for a non-retail fund formed in your jurisdiction (registration, record-keeping, filings, officers)?

The general governance requirements common to non-retail funds, among others, include the following.

Registration and authorisation

This includes the filing of the memorandum and articles of association with the Malta Business Registry (MBR), together with supporting documentation as required by the Companies Act. The information provided to the MBR upon incorporation is to be kept updated, in the event of any changes to the corporate structure or the constitutional documents. For a fund to operate in Malta it must have a licence issued by the MFSA under the terms of the ISA.

Corporate governance

A non-retail fund established in Malta is required to implement a robust corporate governance structure. The governing body is legally bound to promote the best interest of the fund and its investors and is responsible for the good governance of the fund, its proper administration and management, as well as for the general supervision of its affairs.

As authorised entities, non-retail funds are expected to endeavour to adhere to the MFSA's Corporate Governance Code, on a "best-effort basis" and in a manner that is commensurate with the nature, size and complexity of the fund. The Corporate Governance Code provides a list of guiding principles that are designed to enhance the existing legal, institutional and regulatory framework for good governance.

Officers and service providers

Officers and service providers include the appointment of a company secretary, a compliance officer and a money laundering reporting officer. Depending on the nature of the fund in question, a CIS may, and in certain cases is required to, appoint a number of service providers, including an investment manager, investment adviser, fund administrator, registrar and transfer agent, and a custodian or prime broker, as applicable. In addition, under the updated NPIF framework, specific governance requirements now apply to self-managed NPIFs, including the requirement to have a local member of the governing body tasked with compliance duties and dedicated provisions relating to the MLRO function.

Record-keeping

Non-retail funds established in Malta are subject to numerous record-keeping obligations that stem from distinct pieces of local legislation and regulation.

Law stated - 5 May 2026

Reporting
What are the periodic reporting requirements for non-retail funds?

Non-retails funds established in Malta are subject to various external reporting requirements. Below is a non-exhaustive summary of the main reporting requirements applicable to non-retail funds in Malta.

Reporting requirement	Reportable to

Annual return	MBR
Beneficial ownership information	MBR
Audited financial statements	MBR, MFSA and tax authorities
Annual fund return	MFSA
Central Bank of Malta returns	MFSA
Income tax return	Tax authorities
Value added tax return	Tax authorities
Anti - money laundering and counter - terrorist financing risk evaluation questionnaire	Financial Intelligence Analysis Unit

The service providers of non-retail funds established in Malta are also subject to separate periodic reporting requirements, including, without limitation, in terms of the AIFMD.

Law stated - 5 May 2026

SEPARATELY MANAGED ACCOUNTS

Structure

How are separately managed accounts (ie, accounts through which investor funds are segregated – not pooled – and the investor owns the underlying assets, which are managed at the investment manager's discretion) typically structured in your jurisdiction?

In a managed account relationship, the client appoints a licensed portfolio management company to hold the client's assets in a designated segregated management account, which is subject to discretionary portfolio management. Thus, the portfolio management company is granted discretion to acquire and dispose of assets in the account subject to, and in accordance with, applicable laws and regulation.

Law stated - 5 May 2026

Key legal issues

What are the key legal issues (eg, standard of care, indemnification) to be determined when structuring a separately managed account?

The functions, powers and duties of the portfolio manager and the client, establishment and operation of the managed account, client classification, assets' valuation policy, transparency and record-keeping requirements, fee structure (including the regulation of inducements), confidentiality, data protection, liability, investor compensation scheme coverage and complaints handling policies and procedures are among the key legal and regulatory considerations to be analysed when structuring a separately managed account. Such matters are generally formalised and documented in the form of a written agreement that is entered into by the portfolio manager and the client.

Law stated - 5 May 2026

Regulation
Is the management or marketing of separately managed accounts regulated in your jurisdiction? (If so, how does this operate? Is this the same regime for fund management?)

The provision of portfolio management services is regulated under the terms of the Investment Services Act (the ISA), the subsidiary legislation issued thereunder and the relevant Malta Financial Services Authority (MFSA) rulebooks. Subject to certain exemptions provided for under the Investment Services Act (Exemption) Regulations (Subsidiary Legislation 370
.02, Laws of Malta), no natural or legal person may provide, or hold itself out as providing, the service of investment management in respect of the financial instruments listed in the Second Schedule to the ISA, in or from Malta, unless in possession of a valid investment services licence.

While local discretionary portfolio managers and investment managers of alternative investment funds, notified alternative investment funds and professional investor funds are required, subject to the applicability of any exemption, to obtain the same category of investment services licence from the MFSA to provide the desired management services, the legal and regulatory framework applicable to each would be dependent on the nature and extent of investment services in respect of which authorisation is sought.

Law stated - 5 May 2026

GENERAL

Proposed reforms
Are there proposals for further regulation of funds, fund managers or marketers of funds in your jurisdiction?

Malta is currently in the process of implementing legislative and regulatory enhancements impacting the local financial services sector; while a number of such changes are directly targeted at the asset management industry, others affect the industry indirectly. The main live initiative for the funds sector is the transposition and implementation of AIFMD II and UCITS VI into Maltese law and regulation. In October 2025, the MFSA issued a consultation document proposing amendments to the Investment Services Act, subsidiary legislation and the relevant MFSA rulebooks in order to implement those reforms, including changes relating to LMTs, loan-originating funds, delegation and reporting.

In its 2026 Supervisory Priorities, the Malta Financial Services Authority (MFSA) emphasised key areas relevant to fund operations and management:

- governance, risk and compliance: continuing to assess the adequacy of governance structures and the effectiveness of control functions, with particular focus in the asset management sector on substance, delegation, board oversight, risk management and compliance arrangements, as well as preparedness for the implementation of AIFMD II and UCITS VI;
- sustainable finance: continuing supervisory scrutiny of sustainability-related disclosures in prospectuses and ongoing reporting, and of the integration of sustainability risks and ESG considerations into investment decision-making and risk management processes;
- digital finance and operational resilience: maintaining focus on ICT risk management, incident management, oversight of ICT third-party service providers and broader compliance with the Digital Operational Resilience Act (DORA), as well as emerging technology use, including AI;
- financial crime compliance: enhancing measures to prevent money laundering, terrorist financing, proliferation financing and sanctions evasion, and monitoring the embedding of AML/CFT and sanctions controls within firms' broader operational and governance frameworks;
- consumer protection and value for money: continuing to monitor transparency, disclosure quality, investor outcomes and value for money, including through the MFSA's annual Total Expense Ratio Review exercise; and
- cross-border supervision: strengthening oversight of firms operating across jurisdictions and continuing cooperation with European counterparts to promote supervisory convergence and consistent application of EU rules.

These priorities reflect the MFSA's commitment to aligning with EU strategic objectives and international standards.

In parallel with these legislative and supervisory developments, the MFSA has continued to support implementation through targeted regulatory engagement with industry, including dedicated workshops for fund managers on the changes arising from AIFMD II and UCITS VI. The Authority has also maintained focus on related areas affecting fund operations, including depositary oversight, fee and cost scrutiny, and digital and operational resilience. Moreover, the special limited partnership fund (SLPF) framework and the extension of the notified professional investor funds (NPIF) regime to self-managed NPIFs have now been implemented and form part of the current Maltese asset management framework.

Law stated - 5 May 2026

Public listing

Outline any specific requirements for stock-exchange listing of retail and non-retail funds.

In addition to abiding by the legal and regulatory framework applicable to the particular collective investment scheme (CIS), retail and non-retail funds that intend to admit their securities to trading or listing on a regulated market would be required to comply with any additional requirements imposed by the relevant regulated market. By way of example, a CIS that intends to list its securities on the Malta Stock Exchange would also be required to comply with the dedicated chapter of the Listing Rules applicable to CISs issued by the MFSA as listing authority under the Financial Markets Act (Chapter 345, Laws of Malta). The current Chapter 8 framework applies to collective investment schemes that are licensed by the MFSA, notified to the MFSA under the relevant regulations, or established in a recognised jurisdiction, and was further amended in January 2026 to enable a broader range of investment funds to be admitted to trading.

Law stated - 5 May 2026

Overseas vehicles
Is it possible to redomicile an overseas vehicle in your jurisdiction?

Yes; the Investment Services Act and the Maltese corporate continuation regime permit the migration or redomiciliation of funds in the form of a body corporate into and out of Malta. In the case of a company wishing to continue into or out of Malta from or to another EU/EEA member state, the process may now be effected under the Cross-border Conversions of Limited Liability Companies Regulations, which transpose Directive (EU) 2019/2121 (the Mobility Directive) into Maltese law. In other cases, including where the relevant jurisdiction falls outside that framework, it remains possible to carry out the continuation process in terms of the Continuation of Companies Regulations (Subsidiary Legislation 386.05, Laws of Malta)

Law stated - 5 May 2026

Foreign investment
Are there any special rules relating to the ability of foreign investors to invest in funds established or managed in your jurisdiction or domestic investors to invest in funds established or managed abroad?

Other than the applicable marketing restrictions, there are no special statutory restrictions in this regard. That said, the ability of foreign investors to invest in domestic funds may be limited by the applicable fund regulations.

Law stated - 5 May 2026

Funds investing in derivatives
Are there any special requirements in your jurisdiction relating to funds investing in derivatives?

None other than those in respect of retail investment funds.

Law stated - 5 May 2026

UPDATE AND TRENDS

Recent developments

Are there any other current developments or emerging trends in your jurisdiction that should be noted? Please include reference to world-wide regulatory concerns, such as restrictions on foreign ownership in strategic industries, high-frequency trading, commodity position limits, capital adequacy for investment firms and 'shadow banking'.

In 2026, the principal live development for the funds sector remains the transposition and implementation of the Alternative Investment Fund Managers Directive (AIFMD) II and Undertakings for Collective Investment in Transferable Securities Directive (UCITS) VI into Maltese law and regulation. In October 2025, the Malta Financial Services Authority (MFSA) issued a consultation document proposing amendments to the Investment Services Act, subsidiary legislation and the relevant rulebooks to implement those reforms, including changes relating to LMTs, loan-originating funds, delegation, substance and reporting. The MFSA's 2026 Supervisory Priorities confirm that asset management will remain an area of close supervisory attention during 2026, including a desk-based thematic exercise on the preparedness of local UCITS management companies and AIFMs for the incoming regime. The Authority has also continued its implementation work through industry engagement, including dedicated 2026 workshops for fund managers on the changes arising from AIFMD II and UCITS VI.

More broadly, the MFSA's 2026 priorities show a supervisory agenda that is highly relevant to fund operations and management. In particular, the Authority has highlighted governance, risk and compliance, with a continued focus on board effectiveness, control functions, outsourcing, delegation and operational substance; sustainable finance, including scrutiny of sustainability-related disclosures and the integration of sustainability risks into decision-making and risk management; and digital finance and operational resilience, including ICT risk management, cyber preparedness, outsourcing oversight and compliance with DORA. The MFSA has also maintained a strong emphasis on financial crime compliance, consumer protection and value for money, and cross-border supervision, all of which are likely to remain important themes for fund managers, administrators and other service providers. In practical terms, the current direction is toward more intrusive supervisory review of governance quality, disclosure standards, resilience arrangements and cross-border operating models, rather than the introduction of a wholly separate Malta-specific regime.

As to broader worldwide regulatory concerns, these are relevant in Malta mainly through the EU and international regulatory framework rather than through separate Maltese fund-specific rules. Restrictions on foreign ownership in strategic industries are not generally a feature of Maltese funds law, but Malta does operate a foreign direct investment screening regime on security or public-order grounds. High-frequency and algorithmic trading issues remain relevant through the MiFID II/MiFIR framework, and ESMA's February 2026 supervisory briefing underscores the continuing EU focus on controls, governance, testing and outsourcing in this area. Commodity position limits likewise arise through the harmonised EU market-structure regime rather than through Malta-only rules. Capital adequacy for investment firms continues to be addressed through the EU IFR/IFD prudential framework, which remains a live supervisory concern in Malta, particularly in the context of resilience, recovery planning and safeguarding. Finally, concerns often described as "shadow banking", now more commonly framed as non-bank financial intermediation, continue to influence supervisory thinking around leverage, liquidity, interconnectedness and systemic risk outside the banking sector.

Law stated - 5 May 2026