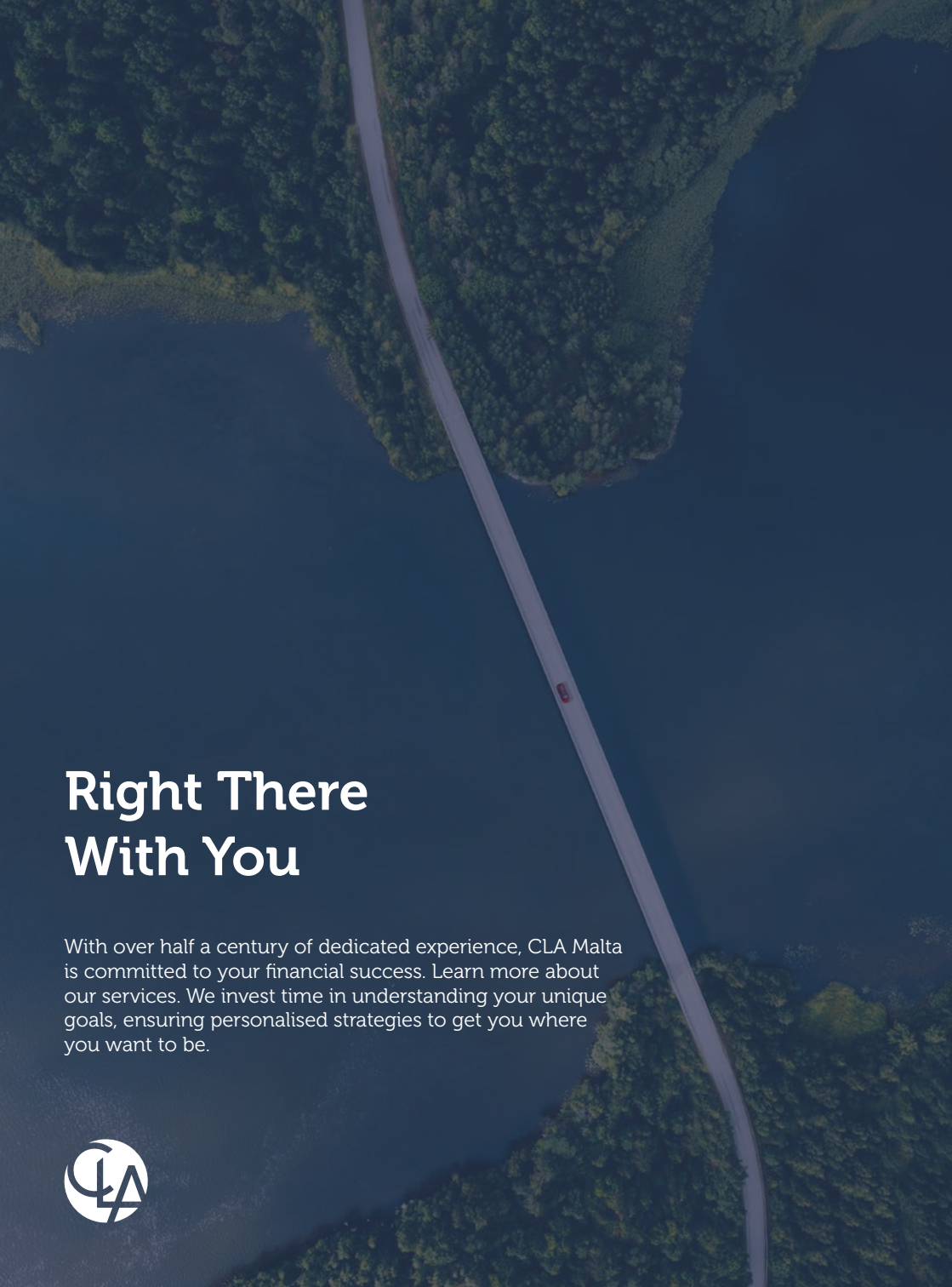




Financial Institution Setup





Right There With You

With over half a century of dedicated experience, CLA Malta is committed to your financial success. Learn more about our services. We invest time in understanding your unique goals, ensuring personalised strategies to get you where you want to be.



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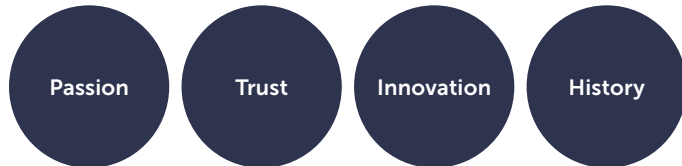
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CLA Malta

CLA Malta stands out from the rest. We are built differently and structured to provide innovative and client-first services in taxation, legal advisory, and corporate support to various industries.

Our philosophy is rooted in creating a collaborative environment where our team and clients prosper, guided by our core values of flexibility, engagement, and dedication.

With half a century of expertise, CLA Malta is dedicated to providing top-tier service, ensuring efficiency, and driving businesses towards success.



We're passionate about staying adaptable and ensuring active participation from everyone to accomplish all goals.

Drawing from our extensive knowledge, we support local businesses' growth and assist international companies in establishing and succeeding in Malta.

At CLA Malta, building your success is not just our priority.
It's our passion.

CLA Global

CLA Global Limited (CLA Global) was founded by CliftonLarsonAllen LLP and S&W.

The organisation offers one of the largest financial outsourcing services and private client and wealth advisory platforms of any global accounting organisation. Moreover, it hosts a culture of diversity and inclusion that uses combined strengths as its greatest competitive advantage.

Professionals in its member firms support clients by speaking their language and serving as their eyes and ears from a business, regulatory, and tax perspective — so they can help them cross borders confidently and efficiently.



Financial Institutions Act

Overview

The Financial Institutions Act (FIA) is the primary legislation governing financial institutions and is considered an “off-shoot” of the Banking Act.

Key highlights of the Financial Institutions Act:

- It transposes provisions from the EU Electronic Money Directive 2009/110 and the EU Payment Services Directive 2015/2366.
- The Act defines a ‘financial institution’ as any entity that regularly or habitually acquires holdings or undertakes any activities listed in the First Schedule of the Act. These activities are conducted for the account and at the risk of the institution carrying out such activities.

Categories of Financial Institutions

Financial institutions are classified into two broad categories:

- **Payment Institutions and Electronic Money Institutions:**
 - » Institutions undertaking payment services and/or issuing electronic money.
 - » These are more commonly known as ‘payment institutions’ or ‘electronic money institutions’.
- **Other Financial Institutions:**
 - » Institutions undertaking activities such as lending, financial leasing, providing guarantees and commitments, foreign exchange services, and money brokering.



Activities of Financial Institutions

The **First Schedule (Article 2)** of the **Financial Institutions Act** lists the activities that financial institutions are permitted to undertake.

These include:

Lending

Personal credits, mortgage credits, factoring (with or without recourse), and financing of commercial transactions, including forfeiting.

Other Financial Institutions

Providing financial leasing services.

Venture or Risk Capital

Investing in and providing funding for venture or risk capital projects.

Payment Services

As outlined in the **Second Schedule** of the Act.

Issuing & Administering Other Means of Payment

This includes travellers' cheques, bankers' drafts, and similar instruments unless covered by point 4 above.

Guarantees & Commitments

Offering guarantees and taking on financial commitments.

Trading for Own Account or Account of Customers in

- Money market instruments (cheques, bills, certificates of deposit, and similar instruments)
- Foreign exchange
- Financial futures and options
- Exchange and interest rate instruments
- Transferable securities

Underwriting Share Issues & Participation in such issues

Money Broking

Acting as an intermediary in money broking services.

Issuing of Electronic Money

as defined in the Third Schedule of the Act.

Regulatory Time Frame for Activities Under the First Schedule

According to the Financial Institution Rule (FIR/01), the Malta Financial Services Authority (MFSA) is required to determine an application for a licence or registration to carry out activities listed in the First Schedule of the Financial Institutions Act (excluding activities under paragraphs 4 and 10) within 6 months of its initial receipt.

- Paragraph 4 refers to payment services.
- Paragraph 10 refers to electronic money institutions.

This regulatory time frame ensures efficiency and timeliness in processing applications for financial institutions wishing to operate under the specified activities.

Regulatory Requirements

Fit & Proper Test

Applicants must demonstrate competence, integrity, and solvency in all dealings. This ensures that financial institutions are managed by individuals who meet the high standards required by Maltese law.

Physical Substance

Maltese law operates on the “four eyes” principle, which means that at least two individuals must effectively direct the financial institution’s business in Malta. The licensed entity’s “mind and actual management” must also be based in Malta to ensure proper oversight.

Board of Directors

The financial institution must have a minimum of 3 directors, with:

- 2 directors being residents of Malta.
- 1 independent director who is not involved in the day-to-day management of the financial institution

Key Functionaries

The financial institution must appoint the following key roles:

- Money Laundering Reporting Officer (MLRO)
- Compliance Officer

Both individuals must be thoroughly familiar with Malta’s relevant laws and regulations, ensuring compliance with regulatory standards.

Initial Share Capital for Financial Institutions Under the First Schedule

The MFSA Rules do not establish a minimum or set level of initial capital requirements for financial institutions licensed to carry out activities listed under the First Schedule of the Financial Institutions Act.

This is because the risk profiles of different financial institutions may vary significantly. The required level of capital will depend on the specific activities the institution intends to undertake, as the risks associated with these activities differ.

Consequently, the MFSA will determine an applicant institution’s initial capital on a case-by-case basis. The capital requirement will be commensurate with the level of risk associated with the proposed activities, as outlined in the business plan submitted by the prospective applicant.

Our Services

How CLA Malta Can Support You

Navigating the regulatory process of setting up a financial institution in Malta can be complex — but with CLA Malta by your side, you're in experienced hands.

Our team offers a comprehensive suite of services to simplify your application process, ensure compliance, and strengthen your operational foundations from the outset.

Our services include:

- **Assisting with all application documents** — ensuring submissions are complete, accurate, and aligned with MFSA expectations.
- **Formulating business plans with financial projections** — helping you present a strong and credible case to regulators and investors.
- **Drafting policies and procedures documents** — tailored to meet regulatory and operational requirements.
- **Liaising directly with the MFSA and guiding you through the application process** — ensuring open lines of communication and timely responses.
- **Ensuring full compliance with Maltese and EU regulations** — giving you the peace of mind to focus on your business growth.
- **Comprehensive corporate services** — from company formation to ongoing maintenance, we offer lifecycle support for your institution



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Your Success is Our Mission

At CLA Malta, we offer a wide range of services designed to support your financial journey. No matter your needs, we have the expertise to help. Discover all we have to offer and find the right solution for you.



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