

# IFSP

Institute of Financial Services Practitioners

## Council Report

*covering the Institute's activities from*

**May 2012 – April 2013**

Welcome to the IFSP Annual General Meeting for 2013. The Institute has this year continued its efforts to advance and safeguard the interests of its members.

The IFSP has continued to strive to fulfill its role of actively contributing to the continued development of the financial services industry. I would suggest that we have had some success in this, achieved through our contributions to and feedback on regulatory and other legislation, through suggestions for improvement and active lobbying for the removal of obstacles to our members' ability to provide an efficient, effective service that is compliant to the highest standards, to Malta's client base.

The continuing strong growth of the financial services sector owes no small debt to the world class legal and regulatory infrastructure laid down by successive governments of Malta. It is, however, the quality of service provided by the practitioners, a factor that continues to be the prime driver of this growth.

This growth has continued despite the travails faced by much of Europe, troubles we have managed to avoid because of the integrity, professionalism and adherence to sound principles and practices with which our banks and, indeed, our practitioners have approached the business of providing financial services to clients. This has been strikingly illustrated by the problems now besetting our fellow Mediterranean Euro zone member state, Cyprus. The lesson this leaves should be clear to all: we need to resist the temptation to lower standards to chase short-term gain which may risk our long term common prosperity.

Before I briefly outline the main activities the IFSP has undertaken over the past year, I would like to take the opportunity to thank all those members who have contributed at all levels for their valuable work. Without their efforts, we would have achieved nothing.

I will now run through the Institute's activities for 2012/2013.

### **1. Membership**

This year, as last, I am pleased to be able to report that the Institute continues to attract new members. Membership now stands at close to 340. Towards the end of 2012, the Institute contacted a number of members who were in arrears with their membership subscriptions, a good number of whom chose to resign from the IFSP since they had either moved out of the financial services industry, left Malta or retired. Thus, the final membership number does not reflect the rate at which new members are joining.

## 2. Subcommittees

The IFSP's subcommittees have had a busy year, and through their efforts have created a lot of value for every IFSP member and indeed, for the industry as a whole.

This year has again been characterized by combined efforts by two or more subcommittees. This is especially apparent in the educational efforts of the IFSP.

### 2.1. Education sub-committee

**The Education Sub-Committee** has again been kept very busy over the past year. I would like to take this opportunity to thank Dr Diane Vella Bianco, who has taken the reins of this sub-committee for the past four years, for her efforts and energy.

The IFSP has always believed in the importance of furthering our collaboration with other Associations and Institutes. We also have an excellent working relationship with the Education Consultation Council and both believe in the need to have more cooperation between organizations with a focus on education. Dr Vella Bianco and our Secretary General attend and participate at the ECC council meetings and we are proud to say that we have built a good relationship which will ultimately be of benefit.

### **IFSP Foundation Certificate in Trust Law and Management**

This is the eleventh year that the Institute is offering this course. The course is currently running, with the last lecture due to be held on 2 May. Interest in the course remains strong, with 32 people participating and a number of people who registered for the course in previous years, without sitting the exam, attending lectures to prepare to take the exam this year.

Beside the people following the course offered by the Institute, there are a number of students within the Faculty of Laws at University following the modules of trusts, some of whom will be following the units on corporate structures and international financial services with the IFSP course participants, in preparation for the exam to be held this year in June.

In this context, close to 700 people have attained the IFSP Foundation Certificate in Trusts Law and Management so far; that number is set to increase following the exam.

Also, as of last year the IFSP is awarding the Lino Buttigieg Award to the person who performs best in the trusts exam. The first winner was Dr Robert Galea.

### **Collaboration with the IFA Malta Branch**

This year, the series of tax treaty workshops held over the past two years has developed. It has now become the Tax Update series, of which two have been held so far, with a third planned for early June. These one and a half to two hour seminars, each dealing with a separate tax-related issue, are being organised by the IFSP's Education sub-committee in collaboration with the International Fiscal Association Malta Branch.

The two seminars held so far have dealt with the concept of beneficial ownership in tax matters, and the Malta/Netherlands tax treaty.

Again, thanks are due to Dr John Ellul Sullivan who has pulled these workshops together, and to all the practitioners who have contributed valuable time and effort to them.

## Careers Drive in Schools

The IFSP and its Education sub-committee have again taken on the challenge of introducing the attractions of a financial services career to students in independent schools. Following up on last year's efforts, groups of two practitioners have again visited schools taking a standard presentation aimed at making students aware of the full range of opportunities available in the financial services sector.

Unfortunately, this year the Learning Expo, a careers exhibition organized by the Ministry of Education and intended to provide students in their final years of secondary education with exposure to the sort of professions open to them, was not held. The IFSP has for the past editions set up a stand with the IFS, the MIA and the MITC to present a rounded view of what financial services has to offer.

However, through the ECC and the ETC, Dr Diane Vella Bianco had the opportunity to address the ETC's career guidance officers alongside the IFS, the MIA and the MITC. This was a welcome opportunity to ensure that the opportunities offered by the financial services sector get the airing they need.

The IFSP plans to continue to promote financial services careers in the future, participating in school career weeks and fairs. This is valuable work, even if it may only bear fruit after a number of years have gone by.

### 2.2. Prevention of Money Laundering and Funding of Terrorism sub-committee

Throughout the year from May 2012, this sub-committee has continued to work on the guidance notes for company service providers in discussion with the FIAU. This has been a long process which is now close to complete. The sub-committee has submitted its final draft to the FIAU and is now awaiting their response.

In this context, as I am sure you are now all aware, the IFSP is now using C6 Intelligence Information Services as to source of the due diligence information it provides to members, in place of the World-Check service we had used for the past 10 years. I am confident that the level of service and quality of information will be maintained.

Many thanks are due to Juanita Bencini and the rest of her hard-working sub-committee for their efforts.

### 2.3. Investment Business sub-committee

This sub-committee has devoted most of its efforts this past year to the AIFMD issue, participating in a series of consultations on the different sets of rules and amendments to laws issued by the MFSA in the process of implementing the directive. This process continues: the latest submission was made a few days ago, and there remain issues on which a follow up is required.

Again, many thanks go to Andre Zerafa and everyone who has contributed to this valuable work.

### 2.4. Tax & Unregulated Business sub-committee

Led by Juanita Brockdorff, the Tax sub-committee has kept busy, with a healthy list of activities. Members of this committee have continued to provide the ITU with its commentary on any new or renegotiated double taxation agreements being negotiated, of which there were two this year, with Armenia and Liechtenstein.

The sub-committee has also maintained close contact with the ITU and the IRD on other issues. These included the submission of an opinion on the merger of the revenue departments, which was followed up with a meeting to discuss the merger, and the benefits the IFSP and the industry expect it to produce. The merger is an ongoing project, about which I am sure we will hear a lot more over the course of the coming year.

The subcommittee also provided feedback to the ITU on its new schemes aimed at attracting pensioners to Malta. This again is a project that is very much a work in progress, expected to come to fruition in the coming months.

The sub-committee also looked at and commented upon the proposed regulation for both the legal professions and for company service providers. On both, comprehensive submissions were prepared and sent in; we still, however, wait to see the results.

In last year's report, I had told you that this sub-committee, along with the Investment Business sub-committee, had established clear lines of communication with two of Malta's MEPs. The situation has now changed, with both now deeply involved in domestic politics in their respective parties. The effort has not been wasted; the relationships developed then will continue to prove valuable.

Once again, many thanks to Juanita Brockdorff and all those who have contributed their time and effort to this valuable work.

## **2.5. Capital Markets sub-committee**

This year, the IFSP has a new sub-committee, set up two months ago on the recommendation of Professor Bannister. The aim of the sub-committee is to further the development of Malta's capital markets by focusing on upgrading our legislation while marketing Malta's potential in this area. I chair this sub-committee.

## **2.6. International Fiscal Association**

The Malta Branch of the IFA continues to attract new members. It now has 38 members, two more than last year. While the IFA Malta Branch is separate from the IFSP, it is effectively managed by the Institute.

Together with the MFSA and FinanceMalta, the IFSP sponsored a third of the cost for a practitioner to write an article that was published in the 2011 edition of the IFA's publication *Cahiers de Droit Fiscal International*. This initiative is being repeated later this year by another practitioner. The IFSP intends to continue to pursue this initiative, which significantly raises Malta's profile.

## **2.7. Council initiatives**

The Council continues to develop and maintain cordial relations with the administration and political decision makers on both the Government and Opposition sides. This is a vital part of the IFSP's efforts to ensure that the interests of the financial services industry – and its contribution to the welfare of the nation as a whole – are understood, appreciated and taken into account in policy decisions.

To this end, the IFSP Council has decided to commission a study on the financial services sector in order to obtain a clear idea of its current extent, of the scale of its growth over the past 15 years and, equally important, on the full scope of its contribution to the economy including jobs generated and the value generated both directly through the sector's operations as well as indirectly.

The IFSP Council also submitted a comprehensive set of reasoned proposals for changes and amendments to the laws and regulations that govern the financial services sector in Malta to a newly formed, government think-tank. This group brings together representatives of the industry, the regulator and the authorities with a remit to look at the structures and provisions in place, at how they are performing and crucially, how to improve them and bring them up to date in a changing world. I can report that the IFSP's proposals have been well received, and that the think-tank is likely to continue to function for the foreseeable future.

### **3. FinanceMalta**

I continue to sit on the Board of Governors of FinanceMalta as a representative of the IFSP, which is a founder member of this organization. The IFSP assists FinanceMalta through the secondment to them of two, out of our three, members of staff at no cost to them.

Perhaps the biggest contribution the IFSP makes to FinanceMalta is technical back-up. FinanceMalta regularly approaches the IFSP for assistance in the drafting of their publications, and to provide speakers at the conferences they organize and participate in. On these occasions we reach out to our members, who invariably provide the support requested.

I would like to take this opportunity to thank our Secretary General, Simon Gatt as well as Lindsey Piccinino and Lizianne Gauci for all their efforts during the year.

### **4. New Administration**

A delegation from the IFSP has already had a meeting with Prof. Scicluna and should soon have one with Dr Zammit Lewis.

### **5. Conclusion**

During the period under review Council has met 11 times. Council members committed themselves to promote our Industry and issue guidance. Other organizations have a high consideration for our Council and this is shown by the interaction that exists between our Institute and local authorities.

I take this opportunity to thank all the members who have served on Council and on the various sub-committees as well as members who have helped us promote education by sharing their knowledge with other practitioners. I wish to stress that Council believes that everyone should contribute towards achieving common aims. Their commitment is greatly appreciated.

Thank you

**Andrew Manduca**

*President*

April 2012