

Statute of Malta Funds Industry Association

1. NAME

The name of the Association is "Malta Funds Industry Association" (hereinafter called "the Association").

2. ADDRESS

The Association's registered office is to be situated in Malta.

3. OBJECTS

The Association is a Non-Profit Making Organisation.

The Association's objects are:-

- (i) Primarily to act as a channel of communication and to make representations to the Maltese Government on matters including legislation, regulation and taxation and to the Malta Financial Services Authority on matters of regulation, which affect the business or professional interest of members of the Association. To facilitate the achievement of that object the Association may make representations to the institutions of the European Union and any other relevant regulatory authority on matters affecting the business or professional interests of members of the Association.
- (ii) In addition to the matters set out in paragraph (i) above:-
 - (a) To provide education and training for members so that they may contribute effectively to the development of the Association;
 - (b) To provide an interactive and professional forum for members and act as a catalyst and promoter of the industry in Malta;
 - (c) To provide leadership to the industry and be its pre-eminent voice;
 - (d) To develop sound practices, enhance industry transparency and education, and to liaise with the wider financial community, institutional investors, the media, and other policy makers;
 - (e) The making of representations to the other regulatory authorities anywhere in the world on matters, including legislation and taxation, which affect the business or professional interests of members of the Association; and
 - (f) The promotion and support of the development of the fund and investment management industry in Malta, the interests of those engaged in investment management business in Malta and those whose business includes the provision of facilities or services for such business including promoting the benefits of collective investment schemes (as defined in the Investment Services Act) and other investment vehicles which are

managed, administered, sponsored or otherwise promoted by members of the Association or their associates, the interests of those engaged in managing, sponsoring or administering or promoting such vehicles in Malta and those whose business includes the provision of facilities or services for such business.

- (iii) In order to facilitate the achievement of the objects set out in paragraphs (i) and (ii) above, the Association may:-
- (a) Make and give effect to such rules for the better achievement of the Association's objects as may be thought fit;
 - (b) Without prejudice to any other provision of this memorandum, establish, promote, amalgamate, co-operate or federate with, affiliate or become affiliated to, any association, society, company, trust or other body, whether or not incorporated;
 - (c) Enter into any arrangement with any government or other authority, whether international, municipal, local or otherwise, and to obtain from any such government or authority rights, concessions and privileges;
 - (d) Enter into and carry into effect agreements or arrangements with associations, institutions, companies, trusts or individuals;
 - (e) Purchase, take on lease, exchange, hire or otherwise acquire and hold for any estate or interest any real or personal property and any right or privilege which the Association may think necessary or convenient;
 - (f) Sell, manage, lease, exchange, dispose of or otherwise deal with and turn to account all or any part of the property of the Association;
 - (g) Borrow or raise money in such a manner as the Committee may think fit and secure the repayment of any money borrowed by privilege, hypothec mortgage or charge upon the whole or any part of the Association's property and assets
 - (h) Invest and deal with the monies of the Association not immediately required for its purposes in or upon such investments, securities or other assets and in such manner as may from time to time be considered expedient, and to vary the same, subject nevertheless to such conditions (if any) and such consents (if any) as may be for the time being imposed or required by law and subject also as hereinafter provided;
 - (i) Engage, and, subject to clause 4 hereof, pay any person whether on a full time or part time basis and whether as consultant or employee to supervise, organise, carry on the work of and advise the Association and to grant (subject to clause 4 hereof) allowances, and bonuses to the employees or ex-employees of the Association or the families, dependants or connections of such persons;

- (j) Pay all costs, charges and expenses incurred or sustained in or about the promotion and establishment of the Association;
- (k) Promote, publish, and undertake research in, the collection and distribution of statistics and the formulation, preparation and establishment of schemes and proposals thereof;
- (l) Promote, conduct and arrange training and educational courses and facilities relating to the objects set out above; and issue awards in connection therewith;
- (m) Make available information, guidance, assistance and other services to members of the Association;
- (n) Produce, edit, publish and distribute books, periodicals, pamphlets, posters, films, videos, web sites and computer programmes; and
- (o) Do all such other lawful things as are incidental or conducive to the attainment of its objects above or any of them.

4. INCOME AND PROPERTY

The income and property of the Association shall be applied solely towards the promotion of its objects as set forth in this statute and no portion thereof shall be paid or transferred directly or indirectly by way of dividend, bonus /or otherwise by way of profit to any member of the Association.

Provided that nothing herein shall prevent any payment in good faith by the Association:

- (a) Of reasonable and proper remuneration to any member, officer or servant of the Association for any services actually rendered to the Association;
- (b) Of reasonable and proper rent for premises demised or let by any member or officer;
- (c) To any officer of reasonable and proper out-of-pocket expenses.

5. MEMBERSHIP

The Association is currently composed of two founding members and seven members. Any eligible person applying for membership of the Association shall be admitted as members by the Committee in accordance with the procedure stipulated hereunder.

The founding members of the Association are:

HSBC Global Asset Management (Malta) Ltd

Valletta Fund Management Ltd

The Association has the following members:

HSBC Securities Services (Malta) Ltd

Valletta Fund Services Ltd

Lombard Asset Managers Ltd

APS Bank Ltd .

GlobalCapital Financial Management Ltd

TMF FundAdministrators (Malta) Ltd

APEX Fund Services (Malta) Ltd

SGGG Fexco Fund Services (Malta) Limited

Eligible Members:-

- (a) Any Company operating in Malta which is licensed or recognised by the Malta Financial Services Authority (“MFSA”) under the Investment Services Act or the Special Funds (Regulation) Act to carry out any of the following activities:
- Provide investment management services in the ordinary course of business including to collective investment schemes and funds of a retirement scheme;
 - Acting as a corporate director of a collective investment scheme;
 - Operate, manage, administer, act as corporate secretary or as asset manager for a collective investment scheme, or for the funds of a retirement scheme; and
 - Offers Custody services or related ancillary services to collective investment schemes.
- (b) Any Company resident in Malta which, although not licensed or recognised to perform the activities under paragraph (a) above, is otherwise licensed by the MFSA and furthermore has its approval to act as representative in Malta of an overseas collective investment scheme or to act as a distributor of such schemes in Malta.

All eligible members falling within the definition in paragraph (a) above shall be of one class to be known as members, and those falling under the definition in paragraph (b) above shall form a different class to be known as affiliate members. Hereinafter, except where specific reference is made to affiliate members, any

reference to members in this statute shall refer to all members of the Association, including affiliate members.

Any person who desires to become a member of the Association may apply in writing giving such particulars as the Committee may require. The admission of a new member shall require the approval by vote of two-thirds of the Committee members. The Committee may at their absolute discretion decline to admit any applicant for membership of the Association, provided that a person whose application for membership has been declined shall be entitled within fourteen days of being notified thereof to request the Committee to reconsider its decision. The person making any such request shall be offered the opportunity, within such reasonable period as the Committee may determine, of making such representations and supplying such further information to the Committee as such person considers to be relevant. The Committee's decision following any such reconsideration may not be challenged. Reasons for declining membership may be provided upon request.

The Secretary shall keep a register of members which shall show dates of admission and cessation of membership and shall be open to the inspection of members. Membership shall not be transferable.

A member shall be represented by one individual, whose appointment shall be in writing and copied to the Association. Corporate applicants shall inform the Committee of the individual they propose should represent them if they are accepted as member.

Members shall pay such fees and subscriptions to the Association as the Committee may from time to time prescribe.

A member may give notice of resignation to the Secretary of the Association. A notice of resignation shall not take effect, without the Committee's approval, until the member giving notice shall have satisfied all that member's outstanding obligations to the Association and subject thereto shall take effect one month from date of receipt of such notice.

A member whose resignation becomes effective or whose membership is terminated in accordance with this statute during a calendar year shall remain liable for their full year's subscription including any instalments not yet called or paid.

A member may be removed from membership by a resolution of the Committee to that effect (a copy of which shall be served on the member concerned) on one or more of the following grounds:

- Such member has commenced liquidation procedures or, in the case of a partnership, is dissolved (otherwise than only on the death or retirement of a partner) or enters into any arrangements for the benefit of its creditors generally;

- Such member has failed to make any payment in connection with his membership within 1 month of it being due or has failed to comply with any other of the provisions of this statute;
- Such member has ceased to satisfy the conditions of eligibility for membership of the Association; or
- Such member has acted in a way likely to damage the investment management or investment funds industry or damage Association's reputation.

A member who has been served with a copy of a resolution terminating membership shall be entitled within fourteen days of receipt thereof to appeal to the Committee to reconsider such resolution. The Committee's decision following the consideration of the appeal will be final and may not be challenged.

6. AFFILIATE MEMBERS

Subject to Article 5, affiliate members shall have the same rights and obligations as other members save that they shall have no right to vote at general meetings of the Association other than in respect of resolutions which affect their rights as affiliate members in terms of Article 9 a) (1).

The creation of a new class of members, or the alteration of the rights of any other members, or class of members, shall not be deemed to be an alteration in the rights of affiliate members.

The rights of affiliate members may be altered with the consent in writing of at least 75% of the members.

7. REPRESENTATION

The legal and judicial representation of the Association shall be vested in the Chairperson and in the Secretary acting jointly or in such other person or persons, whether acting jointly or severally, as the Committee may nominate from time to time to represent the Association in a specific case or cases or classes of cases. Provided that no judicial proceedings may be initiated without the approval of the Committee.

8. GENERAL MEETINGS

a) **General and Extraordinary Meetings**

An Annual General Meeting shall be held in the first quarter of each calendar year to receive the Report of the Committee and the financial statements, to elect or remove members on the Committee, to appoint an Auditor and to decide questions concerning the Association's statute and management.

An Extraordinary General Meeting shall be called either by the Committee or by any member who has the written support of more than fifty one per cent (51%) of the members.

A member entitled to attend, or to attend and to vote, at a General meeting, can appoint a proxy as that member's representative, such an appointment being made in writing, on the appropriate proxy forms available from the Secretary.

The term "General Meeting/s" in this Statute shall refer to both Annual and Extraordinary General Meetings unless otherwise stated.

b) Minutes

Minutes of all meetings of the Association shall be prepared and signed by the Secretary, and countersigned by the Chairperson, of the relative meeting as soon as possible after such meeting. Minutes shall be read and ratified at the next meeting or taken as read if no objections are raised by the members then present.

c) Time of Meetings

The Committee shall decide the time and place of General Meetings.

d) Notices

Notices convening General Meetings shall be signed by the Secretary or other member of the Committee and a copy sent to every member of the Association at the last known place of business as recorded in the Association's register at least three weeks before the meeting.

e) Quorum

General Meetings shall be postponed by half an hour if less than twenty five per cent (25%) of members are present, or if during a meeting a quorum ceases to be present, after which time the Meeting shall proceed with its business with the members present. Provided that the quorum is constituted by any five members.

Provided further that no meeting may be held if the number of members attending the meeting are less than 3, in which case the meeting shall be deemed to be adjourned to a date to be set by the Committee.

f) Votes

Each member shall have one vote at General Meetings.

No member may attend a General Meeting unless all monies payable by that member to the Association have been paid.

g) Resolutions

Unless otherwise stated, resolutions shall be approved by simple majority. A resolution in writing executed by or on behalf of each member who would have been entitled to vote upon it at a General Meeting at which that member was present would be as effectual as if it had been passed at a General Meeting duly convened and held, and may consist of several documents in like form each executed by or on behalf of one or more members.

h) Rights of Inspection

Members of the Association shall have the right to inspect, or to obtain at a reasonable charge a certified copy of, all the Association's documents including correspondence, registers, accounts and minutes after a request is made but at the place and time and in accordance with the administrative provisions laid down by the Chairperson of the Association.

i) Books of Accounts

The Treasurer (or any other person delegated by him) shall prepare and maintain updated books of accounts and financial statements which show a true and fair view of the financial position of the Association.

The financial year of the Association shall be the calendar year.

During the Annual General Meeting, a member of the Association shall be appointed Auditor. A Committee member cannot be appointed Auditor except where the total number of members of the Association is ten or less. The Auditor shall prepare a report in conformity with accepted International Financial Reporting Standards, which shall be included in the Report of the Committee.

9. COMMITTEE

a) Appointment of Committee members

The Committee shall be composed of nine Committee members, to be appointed in conformity with the following provisions.

(1) Six Committee members shall be appointed as follows:

- (i) one by each of the two founding members;
- (ii) one by the affiliate members;
- (iii) one by each member, being a company recognised to provide fund administration services by the MFSA, which is a subsidiary or affiliate of the two founding members;
- (iv) the co-opted member in terms of Article 9 (g).

(2) The other three Committee members shall be appointed by the members who do not have the right to appoint a Committee member in terms of paragraph (1) above during the Annual General Meeting.

Provided that should a co-opted member not be elected according to Article 9 a) (1) (iv) above, a fourth Committee member shall be elected in terms of this sub-article (2).

(3) Committee members shall be natural persons and shall moreover be a director, or employee of, or a partner in the appointing member.

(4) Committee members shall be appointed by letter signed by the duly authorised officer or officers of the appointing member. In the case of the appointments referred to in paragraphs (1)(ii), (1)(iv) and (2) above, the letter shall be signed by the duly authorised officer or officers of each of the appointing members.

(5) Should Committee members fail to be appointed under any of the provisions of paragraphs (1)(ii), (iii) and (iv) or (2) the relative right of appointment shall vest in the founding members acting jointly.

(6) Committee members shall not be entitled to any form of remuneration, except for reasonable out-of-pocket expenses incurred solely in carrying out assigned duties for the Association.

b) Quorum

The quorum necessary for the Committee to proceed to business shall be of five Committee members.

c) Removal of Committee members

The Committee, acting by a vote with two-thirds majority, may remove a Committee member who fails, without just cause, to attend for three consecutive Committee meetings. Upon such removal, the member so removed shall not have the right to nominate a replacement and the vacancy shall be filled by the founder members as provided in Article 9 a) (5) above.

d) Alternates

A member of the Committee is expected to attend all meetings of the Committee in person, or nominate an alternate in his stead. Such alternate must be eligible to represent the same member, in terms of Article 9 a) above. Provided that Founder Members have the right to appoint observers who may attend but not participate in Committee proceedings.

e) Tenure and Retirement

At every Annual General Meeting all Committee members shall retire.

Retiring members shall be eligible for re-election.

f) Number

Should the total number of members of the Association be nine or less, then each member of the Association shall have the right to nominate one Committee member.

g) Co-option

(1) The Chairperson and the Secretary acting jointly shall have the right to:
(i) appoint a co-opted member to the Committee with a view to assisting them in the management and administration of the Association;
(ii) remove the co-opted member;

Provided that the Committee may remove a co-opted member by a vote with two-thirds majority.

(2) The co-opted member shall hold office for two-year periods, automatically renewable, unless removed in accordance with paragraph (1) (ii) above or the proviso thereof.

(3) The co-opted member shall not have any voting rights.

(4) A co-opted member may be appointed as a Committee member under the provisions of Article 9 a) above.

h) Committee Appointees

The Committee shall elect from among its members a Chairperson, and the following officers:

- Secretary
- Treasurer

The Chairperson and the officers shall serve until they retire or are removed from the Committee or until the expiration of their term of office at the next Annual General Meeting, whichever is the earlier.

In the absence of the Chairperson, any member may, with the approval of any other members present, chair meetings of the Committee.

i) Voting

Each Committee member shall have one vote and, additionally, the Chairperson shall have a casting vote. Unless otherwise provided in this Statute, resolutions shall be approved by simple majority. A resolution in writing executed by or on behalf of each member who would have been entitled to vote upon it at a meeting of the Committee at which that member was present would be as effectual as if it had been passed at a Committee

Meeting duly convened and held, and may consist of several documents in like form each executed by or on behalf of one or more Committee members.¹

j) Meetings

Meetings of the Committee shall be convened by the Secretary, as directed by the Chairperson, or whenever so requested by any member of the Committee.

The notice for the meeting shall include an agenda, which may include "any other matters" as an item.

The Committee shall have the right to regulate its procedure as it deems fit, including the delegation of duties and powers.

k) Powers

Subject to the statute of the Association, and to any resolutions passed at General meeting, the business of the Association shall be managed by the Committee, who may exercise all the powers of the Association.

l) Notice of Meetings

Committee meetings shall be held regularly, at least once every six months, and the Secretary shall give sufficient notice thereof to Committee members.

10. DISSOLUTION

- (a) Committee members shall have the right by resolution passed by three-fourths majority at an extraordinary general meeting convened for the purpose to dissolve the Association.
- (b) A Liquidator shall be appointed from amongst persons who have for at least five consecutive years, held a warrant to practise as a Certified Public Accountant and Auditor (CPA), not being a person who has served as an officer, accountant or auditor of the Association at any time during the five years prior to the date of the resolution to dissolve the Association.
- (c) Upon appointment of the Liquidator, all powers and functions of the Committee shall cease.
- (d) After the resolution to wind up the Association but prior to appointment of the Liquidator, the Committee shall only carry out any function in so far as may be required for the beneficial dissolution of the Association.
- (e) The costs of the liquidation, including the remuneration of the Liquidator, shall be payable out of the assets of the Association in priority to all other claims.

¹ Approved as per Resolution dated 19 November 2003.

(f) The Committee shall as soon as possible, cause a notice to be published in two daily newspapers, giving the general particulars of the dissolution.

11. GENERAL PROVISIONS

Throughout this Statute the masculine gender shall include the feminine gender and vice versa and the singular shall include the plural and vice versa as applicable. All references to the Committee shall be constructed as though referring to any delegate(s) of the Committee and any reference to a specific officer shall also apply to any officer properly appointed for that purpose by the Committee from time to time. No occurrence including winding up shall have the effect of invalidating acts properly undertaken by any person prior to the happening of such occurrence and third parties shall be presumed to be unaware of any such occurrence unless they have been specifically advised in writing of its happening.

Signature and name of authorised signatories:

.....
Kenneth Farrugia
President

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Charles Azzopardi
Secretary

Dated the 30th June 2008