

Is Malta the fund industry's dark horse?

Industry events are an unparalleled opportunity to exchange with professionals from many corners of the world presenting different perspectives. Here are some takeaways after events Q Securities organised in London and Warsaw about the opportunities Malta presents to the fund industry – a jurisdiction where we've recently opened our third office.

By Filip Suchta

1. Both UK and Polish fund managers have great interest in setting up foreign fund structures, however, for different reasons.

During our discussions with participants in London and Warsaw, the common thread was the growing need for fund managers to set up collective investment schemes in the EU. Of course, the reasons for this vary.

The UK has been a major hub for the fund management industry for many years. However, the UK's decision to leave the EU has created uncertainty for the local fund management industry, making it a challenge to access continental investors. As a result, some UK fund managers are considering setting up foreign fund structures in order to mitigate the risks associated with Brexit and regain access to EU-based investors.

Polish fund managers are also interested in setting up foreign fund structures. However, their reasons for doing so differ from those of UK fund managers, as Poland is and has been an EU member since 2004. Polish asset managers are looking to expand their reach into new markets and gain access to investors based in other EU countries, which is difficult to do while using Polish fund structures.

2. The biggest fund jurisdictions have become difficult to access for emerging fund managers, triggering a need for an alternative.

In recent years, the most prominent fund jurisdictions, such as Luxembourg and Ireland, have become increasingly difficult to access for emerging fund managers. This could be attributed to several factors, including rising costs, stricter regulations, and increased competition. However, in my view, the answer is much simpler.

The jurisdictions mentioned above have grown and evolved, and their primary focus has shifted to more established players from the global fund industry to benefit from the scale. This has led to Luxembourg and Ireland becoming less accessible to emerging fund managers, which in their development stage might not have the asset size required by service providers in Luxembourg.

That, of course, means that for fund managers who want to make the next step in their development and attract a broader network of external investors, there is a growing need for an alternative fund jurisdiction that offers a more attractive environment for emerging fund managers.

3. Malta is uniquely positioned to become a competitive alternative fund jurisdiction for emerging fund managers in Poland and the UK.

I can list a number of advantages of Malta as a fund jurisdiction, including its high level of regulation, an approachable and transparent regulator, skilled English-speaking workforce, and let's not forget the 300+ sunny days. But there's more.

Having so far spent six months working with the Maltese fund industry players in person, I've pinpointed the most crucial advantage supporting Malta in becoming the alternative to other more established fund hubs: its determination and consistency. All industry providers I've come to meet are aligned in their approach to develop and grow the investment funds industry, adapting to clients' needs while remaining in line with applicable regulatory requirements. It is particularly important that this determination is present throughout the fund sector, starting with the regulator and public authorities through the service providers.

The above factors led us at Q Securities to the decision to establish a branch in Malta last year, which I have the pleasure of heading. We strongly believe the future is bright for this sunny island and we are determined to do our part in helping Malta realise its potential as an alternative investment fund jurisdiction.

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