

CHAPTER 383

CONTROLLED COMPANIES (PROCEDURE FOR LIQUIDATION) ACT

To make provision for the liquidation and the distribution of assets belonging to controlled entities.

8th November, 1995

ACT XVII of 1995 as amended by Acts XXIV of 1995, IX of 1997, VI of 2001, XVII of 2002 and X of 2011 and Legal Notice 212 of 2023 and Act XXIX of 2025.

1. The short title of this Act is Controlled Companies (Procedure for Liquidation) Act. Short title.
2. In this Act, unless the context otherwise requires -
 - "Central Bank" means the Central Bank of Malta established by the Central Bank of Malta Act;
 - Definitions.
Amended by:
XVII. 2002.228;
X. 2011.66.
Cap. 204.
 - "competent authority" means the body appointed as the competent authority under and for the purposes of the Banking Act;
 - Cap. 371.
 - "controlled asset" means and includes a bank or other credit institution, property, partnership, firm or other business in respect of which the Minister, in terms of article 18 of the Banking Act^{*}, or the competent authority in terms of article 29 of the Banking Act, has appointed a person or persons to assume control of the same;
 - Cap. 215.
 - Cap. 371.
 - "Controller" means a person appointed by the Minister in terms of article 18 of the Banking Act[†] or by the competent authority of Malta in terms of article 29 of the Banking Act;
 - Cap. 215.
 - Cap. 371.
 - "Minister" means the Minister responsible for finance.
3. (1) The provisions of this Act and of the Banking Act shall apply to such controlled assets in relation to which the competent authority after consultation with the Central Bank of Malta shall have made an order for liquidation under this Act.
 - Application.
Amended by:
XVII. 2002.229.
Cap. 371.
- (2) In making an order for liquidation the competent authority after consultation with the Central Bank of Malta may direct that any controlled assets may, for the purpose of liquidation under this Act, be treated as one entity.
4. (1) Whenever the competent authority after consultation with the Central Bank of Malta makes an order for the liquidation of a controlled asset, the Controller shall proceed by notice published in the Gazette to call upon all creditors who may have a claim against or upon the controlled asset to make such claim with him within three months from the date of such notice. The Controller shall, together with such notice, publish a list of creditors who are recognised by him as having a valid claim against the controlled asset, as well as the amount due by the controlled asset on such claim.
 - Claims against a controlled asset.
Amended by:
XVII. 2002.229.

^{*}Repealed by Act XV of 1994. See the Banking Act (Chapter 371).

(2) Any person failing to make his claim within the said period shall be barred from bringing forward his claim and any such claim shall not be taken into account by the Controller in the liquidation and distribution scheme of the controlled asset:

Provided that a creditor whose claim has been recognised by the Controller in terms of this article need not bring forward his claim within the said period.

(3) The Controller shall, on the lapse of the period mentioned in subarticle (1), publish in the Gazette a comprehensive list of all the claims made to or recognised by him.

(4) Any person having an interest in the liquidation or distribution scheme of a controlled asset may, within one month from the publication of the list mentioned in subarticle (3), make objection to any claim recognised by the Controller or brought forward in terms of this article.

Procedure to be adopted.

5. (1) The Controller shall proceed to determine any claims and objections made, to wind up and liquidate any controlled asset, to appoint an independent auditor to audit his accounts, and to draw up a scheme of distribution and make a report thereof to the Minister.

(2) An extract of the report by the Controller showing the creditors recognised by him as having a valid claim against the controlled asset, the amount due on such claim, and any right of preference attaching to such claims, shall be published by the Controller in the Gazette.

(3) In making the report and drawing up the scheme of distribution, the Controller shall determine the date as from which the controlled asset was insolvent.

Cap. 371.
Cap. 13.

(4) Notwithstanding the provisions of article 29(3)(d) of the [Banking Act](#), the provisions of article 485 of the Commercial Code shall apply *mutatis mutandis* to a controlled asset:

Provided that the provisions of the said article shall not apply to any act done by the Controller or under his authority.

(5) Where any act has been made or omitted to be made by a controlled asset, or by the owner, director or manager of such asset, which results in the fraudulent deprivation of the rights of the creditors of such a controlled asset, the Controller shall be entitled, as the case may be, to ignore the act so made or to deem the act as having been made despite the omission to make such act.

(6) The Controller shall in drawing up the scheme of distribution, proceed to rank creditors having pledges, privileges or hypothecs in accordance with the law for the time being in force at the time of distribution:

Provided that any pledge or privilege, arising, created or registered after the date established by the Controller in terms of subarticle (3), shall be ineffectual unless such pledge or privilege was created by the Controller:

Provided further that the fees and expenses incurred by the

Controller in the administration, control and liquidation of any controlled asset shall be ranked prior to any other claim whatsoever.

6. (1) Any person who feels aggrieved by the report and scheme of distribution made by the Controller shall have a right to appeal to the Appeals Board constituted under this Act by an application made within a period of one month from the date of publication in the Gazette of the extract of the report mentioned in article 5.

Right of appeal by aggrieved party.

(2) Within one month from the publication of the extract of the report and scheme of distribution mentioned in article 5, the Controller shall refer the said report and scheme of distribution to the Appeals Board for its approval or variation.

7. (1) For the purpose of this Act there shall be constituted a Board to be styled the Appeals Board which shall consist of a Chairman and two other members appointed by the Minister.

Appeals Board.
Amended by:
L.N. 212 of 2023.

(2) The members of the Board shall, before entering upon their office, take before the State Advocate the oath to examine and decide any matter referred to them with equity and impartiality.

(3) The Chairman shall be an advocate with a minimum of twelve years legal practice.

(4) The two other members mentioned in subarticle (1) shall be persons who in the opinion of the Minister, possess the necessary expertise and experience in banking or financial services.

(5) The members of the Board shall be appointed for such period that the Minister may establish in their letter of appointment, which period shall not exceed three years, and may only be removed by the Minister on the advice of the Commission for the Administration of Justice on the grounds of proved inability to perform the functions of their office whether arising from infirmity of body or mind or any other cause, or proved misbehaviour.

8. (1) The Board shall have all such powers as are by the [Code of Organization and Civil Procedure](#) vested in the Civil Court, First Hall.

Power of the Board.
Cap. 12.

(2) Any warrant or order issued by the Board shall be signed by the Chairman and certified by the Registrar.

(3) The enforcement of the decisions of the Board in the manner prescribed in the [Code of Organization and Civil Procedure](#) shall be decided by the Chairman of the Board.

(4) The decisions of the Board shall have the force of executive titles.

9. (1) The Board shall, unless the Minister by order otherwise directs, hold its sittings in the edifice of the Courts of Malta, and the registry of the superior courts shall be the registry of the Board.

Sittings and registry of the Board.
Amended by:
IX. 1997.6.

(2) The Minister may appoint a Secretary to the Board for such

period as the Minister may establish in the Secretary's letter of appointment, which period shall not exceed three years.

(3) The Secretary shall perform all functions which are vested at law in the Registrar of Courts.

Jurisdiction of the Board.

10. (1) The Board shall have the sole and exclusive jurisdiction to hear and determine:

- (a) any appeal made from any determination of any claim by the Controller;
- (b) any claim made by the Controller against a third party including any claim for the delivery of any property held by third persons;
- (c) any matter related to, or arising from, the report and scheme of distribution published by the Controller;
- (d) any claim made against any Controller arising in whatsoever manner from the administration and liquidation of any assets under his control.

(2) The Board shall also have the sole and exclusive jurisdiction to enforce any decision made by it as well as any judgment delivered by a competent court in Malta against the Controller.

Decisions of the Board.

11. (1) The decisions of the Board shall be delivered in open Court.

(2) The decisions of the Board shall be taken by a majority of votes.

Appeal on points of law.
Amended by:
VI. 2001.28;
XXIX.2025.20.

12. (1) The decisions of the Board shall be final except with respect to points of law decided by the Board from which an appeal shall lie to the Court of Appeal.

(2) An appeal under this article shall be by application to the Court of Appeal filed within fifteen days from the day of service of the decision of the Board.

(3) The Minister responsible for justice may by regulations under this subarticle establish fees relative to the filing of judicial acts in the registry of the court in connection with appeals to the Court of Appeal under this Act:

Cap. 12.

Provided that until such time as regulations are so made by the Minister, the fees contained in Schedule A to the [Code of Organization and Civil Procedure](#) shall apply.

(4) The board established under article 29 of the Code of Organization and Civil Procedure may make Rules of Court governing appeals to the Court of Appeal under this Act.

Pending claims.
Amended by:
XXIV. 1995.362.

13. All cases and claims pending before the Civil Court, First Hall, and being cases and claims against the Controller of a controlled asset in respect of which an order for liquidation under this Act has been made, shall be transferred to the Appeals Board and shall continue to be heard and determined by such Board:

Provided that nothing contained in this Act shall detract from the jurisdiction of the Court of Appeal to continue to hear any case pending before it:

Provided further than the Controller shall have the power to refer any matter to arbitration under such terms and conditions as he may deem fit, and any matter so referred, as well as any matter referred to arbitration prior to the coming into force of this Act, shall be heard and decided by and in accordance with the terms of reference to arbitration notwithstanding the provisions of this Act.

14. Upon the finalization of all appeals and upon the decision of the Board of the reference made to it of the scheme of distribution, the Controller shall proceed to liquidate and distribute the assets under his control in accordance with his scheme of distribution as amended or approved, as the case may be, by the Board.

Liquidation and distribution of assets.

15. (1) The Controller shall also, in accordance with article 161 of the Commercial Partnerships Ordinance* or any other provision of any other law substituting the said Ordinance, deliver to the Registrar for registration by him a notice of such approval, and the Registrar shall thereupon strike the name of the company or partnership off the register.

Striking off of name and company or partnership.
Cap. 168.

(2) The Controller shall, together with the aforesaid notice, deliver the books and other documents of the company to the Registrar, who shall keep them for a period of ten years from the date at which the name of the company or partnership was struck off the register.

16. No action shall lie against the Controller, the Appeals Board or the Government for anything done under the authority of this Act or of the [Banking Act](#) and this article shall apply from the date of appointment of the Controller even if that date happens to be before the date of the coming into force of this Act.

Legal immunity.
Cap. 371.

17. The Minister may by order waive any tax or fiscal liability, or part thereof, due by a controlled asset in respect of which an order for liquidation has been made.

Waiver of tax or fiscal liability.

18. The Minister may make regulations not inconsistent with any of the provisions of this Act for the carrying out of the provisions of this Act.

Minister may make regulations.
Added by:
IX. 1997.6.

*Repealed by Act XXV of 1995 ([Chapter 386](#)).