

L.N. 186 of 2025

**INVESTMENT SERVICES ACT
(CAP. 370)**

Investor Compensation Scheme (Amendment) Regulations, 2025

IN EXERCISE of the powers conferred by article 12(1)(c) of the Investment Services Act, the Minister responsible for the regulation of financial services, acting on the advice of the Malta Financial Services Authority, has made the following regulations:-

1. The title of these regulations is the Investor Compensation Scheme (Amendment) Regulations, 2025 and these regulations shall be read and construed as one with the Investor Compensation Scheme Regulations, hereinafter referred to as the "principal regulations".
Citation.
S.L. 370.09.
2. In sub-regulation (4) of regulation 3 of the principal regulations the words "The legal and judicial representation of the Scheme shall vest in the chairperson of the Management Committee:" shall be substituted by the words "The legal and judicial representation of the Scheme shall vest in the chairperson of the Management Committee or, in the event that another member is designated to carry out the functions of chairperson in accordance with regulation 5(12), such legal and judicial representation shall, for the duration of the term for which he is designated as chairperson, vest in such other member:". Amends regulation 3 of the principal regulations.
3. Regulation 5 of the principal regulations shall be amended as follows: Amends regulation 5 of the principal regulations.
 - (a) sub-regulation (1) thereof shall be substituted by the following new sub-regulation:

"(1) The Management Committee shall be appointed by the competent authority and shall consist of a chairperson and seven (7) other members as follows:

 - (a) two (2) officers performing duties with the competent authority;
 - (b) one (1) officer nominated by, and performing duties with, the Central Bank of Malta;
 - (c) one (1) person nominated by the Minister;

(d) one (1) person nominated by an association or associations or other bodies representing persons holding a licence under the Act who participates in, and contributes to the Scheme in accordance with these regulations, and which association or associations or other bodies are recognised for such purpose by the competent authority. The person nominated shall not be an officer or employee of, or in any other way hold any position with, a holder of a licence under the Act falling within the scope of these regulations;

S.L. 371.09.

(e) one (1) person nominated by an association or associations or other bodies representing credit institutions who participates in, and contributes to the Depositor Compensation Scheme established under the Depositor Compensation Scheme Regulations, and which association or associations or other bodies are recognised for such purpose by the competent authority. The person nominated shall not be an officer or employee of, or in any other way hold any position with, a credit institution falling within the scope of the Depositor Compensation Scheme in accordance with the Depositor Compensation Scheme Regulations;

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(f) one (1) officer nominated by, and performing duties with the Malta Competition and Consumer Affairs Authority established under article 3 of the Malta Competition and Consumer Affairs Authority Act and such person shall represent the point of view of consumers:

Provided that the chairperson of the Management Committee shall also be an officer performing duties with the competent authority:

Provided further that an officer nominated and appointed under paragraphs (a), (b) and (f) shall remain a member of the Committee throughout the term of appointment only to the extent that such officer continues to be an officer of the competent authority, the Central Bank of Malta or the Malta Competition and Consumer Affairs Authority, as the case may be:

Provided further that whenever, for any reason whatsoever, the associations or other bodies representing licence holders or credit institutions referred to in paragraphs (d) and (e) fail to nominate the person they are required to nominate within the period of time established by the competent authority, such person shall be appointed by the competent authority at its discretion.";

(b) in sub-regulation (2) thereof the words "have proven experience and are qualified in financial services, management, or possess any other relevant professional or commercial knowledge and expertise." shall be substituted by the words "have proven knowledge, expertise and experience in financial services or management, or otherwise possess any other relevant professional or commercial knowledge and expertise.";

(c) sub-regulation (3) thereof shall be substituted by the following new sub-regulation:

"(3) A person shall not be eligible for appointment as a member of the Management Committee in accordance with sub-regulation (1) if such person has a financial or other interest as is likely to adversely affect the discharge by such person of his functions under these regulations. In addition, the members of the Management Committee appointed under paragraphs (d) and (e) of sub-regulation (1) shall serve in their personal capacity and shall not represent or receive directives or instructions from an association, entity or other body nominating them, however the Management Committee may expressly and in writing, authorise any such member to share specific information with the said association, entity or other body.";

(d) sub-regulation (11) thereof shall be substituted by the following new sub-regulation:

"(11) For the purpose of the second proviso to sub-regulation (1), sub-regulation (2), the first sentence of sub-regulation (3), and sub-regulations (4), (5), (6), (8) and (9), "member" shall include the chairperson.";

(e) immediately after sub-regulation (11) thereof, as substituted, there shall be added the following new sub-regulation:

"(12) Where the chairperson is absent or is unable to exercise the functions and powers of his office, and the

competent authority has not appointed any other person to act as chairperson during the said period, the other members of the Management Committee shall designate one (1) of the said other members to carry out the functions of the chairperson during such period."

Amends
regulation 6 of
the principal
regulations.

4. Sub-regulation (3) of regulation 6 of the principal regulations shall be substituted by the following new sub-regulation:

"(3) For the purposes of being able to exercise its functions and objectives in accordance with regulation 4, the Management Committee may, on behalf of the Scheme, after consulting with the competent authority, take out insurance policies, borrow or otherwise incur indebtedness and obtain funding guarantees, as it may consider appropriate to establish additional sources of funding for the Scheme. For the purposes of this sub-regulation, the term "guarantees" shall include guarantees obtained from credit institutions construed in accordance with item 4 of the First Schedule to the Banking Act."

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Amends
regulation 9 of
the principal
regulations.

5. Sub-regulation (3) of regulation 9 of the principal regulations shall be substituted by the following new sub-regulation:

"(3) The Management Committee shall only hold the meeting if at least five (5) members are present, which members shall include the chairperson or, in his absence, the person designated to carry out the function of chairperson in accordance with regulation 5(12)."

Adds new
regulation 37 to
the principal
regulations.

6. Immediately after regulation 36 of the principal regulations, there shall be added the following new regulation:

"Transitory
provision,
termination of
office.

37. Notwithstanding the provisions of regulation 5(4), the term of office of the members of the Management Committee sitting on the said Committee on 2nd September 2025, shall be deemed to be terminated on the said date."