# Malta Notified Alternative Investment Fund (NAIF)

GENERAL OVERVIEW

Legal Basis: Governed by the Investment Services Act (Chapter 370 of the Laws of Malta), and specifically the MFSA Notified AIF framework established in 2016 and revised in 2021.

Regulatory Oversight: Not subject to direct supervision or licensing by the MFSA. Indirectly supervised through its appointed full-scope Alternative Investment Fund Manager (AIFM).

Target Investors: Professional Investors and Qualifying Investors (minimum €100,000 commitment and appropriate risk acknowledgment).

Setup Timeframe: 10 business days for MFSA notification upon valid submission; full setup (incl. structuring & onboarding) typically completed within 2–4 weeks.

## Key Features

**Corporate Flexibility:** The clear market practice for the NAIFs and other Maltese fund vehicles is to use a SICAV, even though it can be structured as a SICAV, INVCO, Limited Partnership, Unit Trust, ICC, RICC, or Contractual Fund.

**Investment Scope:** Eligible to invest in a wide array of asset classes, including private equity, real estate, hedge funds, debt instruments, infrastructure, and loan acquisitions (excluding origination).

**Quick Time-to-Market:** Notification regime, no MFSA licensing required. The MFSA includes the NAIF on its list within 10 working days of valid submission by the AIFM.

**Umbrella Fund Structure:** May operate as an umbrella fund with multiple sub-funds, each with segregated assets and liabilities.

**EU Passporting Rights:** Managed by an EU-authorized AIFM, enabling marketing across the European Union.

## Taxation

**Tax Neutrality:** Designed to be tax-efficient at the fund level.

**General Tax Treatment:**

- **Fund Level:** Generally not subject to Maltese income tax, capital gains tax, or withholding tax on non-resident investor returns.
- **Stamp Duty:** Exempt on transfer or issuance of units if >85% of assets are located outside Malta.
- **VAT:** Management services provided to the fund are VAT-exempt (without credit).
- **Partnership Structures:** May benefit from tax transparency.
- **Tax Treaty Benefits:** Access to Malta's broad DTT network and EU directives (e.g. Parent-Subsidiary Directive).

## Advantages of a Maltese NAIF

1. **No Regulatory Approval Needed:** Only a notification to MFSA is required.
2. **Asset Flexibility:** Broad spectrum of eligible asset classes, including alternatives and private market strategies.
3. **Time & Cost Advantage:** Lower cost and faster launch compared to fully licensed AIFs.
4. **Cross-Border Marketing:** Passporting rights enable marketing to professional investors across the EU.
5. **Operational Scalability:** Suitable for both single-strategy funds and multi-compartment umbrella platforms.

## Governance & Service Providers

**Alternative Investment Fund Manager (AIFM):** Mandatory appointment of an authorized AIFM (EU based).

**Depositary:** Must appoint a local depositary.

**Fund Administration:** Must be located in Malta or EU or appropriately delegated.

**Auditor:** Appointment of a Maltese-registered auditor is mandatory.

**Directors:** Minimum of 3 directors, including at least 1 Malta-resident and independent from key service providers.

## Use Cases

- Private Equity & Venture Capital Funds
- Real Estate Investment Vehicles
- Hedge Funds & Debt Funds
- Infrastructure Investments

For further details or assistance in setting up a Maltese NAIF, please contact **KENDRIS Capital Limited.**

## Setup & Support

Assistance with NAIF structuring and registration.

Drafting of regulatory documents (Fund Prospectus, Limited Partnership Agreement, etc.).

Ongoing fund management, administration, and compliance services.